

*Federal Deposit Insurance Corporation*

**SCHEDULE 14A**  
**(Rule 14a-101)**

*INFORMATION REQUIRED IN PROXY STATEMENT*

*SCHEDULE 14A INFORMATION*

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant ☒ [X]

Filed by a Party other than the Registrant ☐ [ ]

Check the appropriate box:

☐ [ ] Preliminary Proxy Statement

☐ [ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a6(e)(2))

☒ [X] Definitive Proxy Statement

☐ [ ] Definitive Additional Materials

☐ [ ] Soliciting Material under §240.14a-12

***Signature Bank***

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*(Name of Registrant as Specified In Its Charter)*

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*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

Payment of Filing Fee (Check the appropriate box):

☒ [X] No fee required.

☐ [ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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- (4) Proposed maximum aggregate value of transaction:

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- (5) Total fee paid:

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- ☐ Fee paid previously with preliminary materials.

- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

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- (2) Form, Schedule or Registration Statement No.:

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- (3) Filing Party:

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- (4) Date Filed:

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## LETTER FROM THE INDEPENDENT MEMBERS OF THE BOARD

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March 13, 2020

**Dear Fellow Shareholders,**

We are writing to you as the independent members of the Board of Directors (the “Board”) of Signature Bank (the “Bank”). It is our duty and honor to serve as independent leaders representing you, our shareholders.

We are incredibly proud of all that the Bank has accomplished since our formation as a New York State chartered bank in September 2000 and our initial public offering (IPO) in March 2004. Our three key founders, Chairman Scott A. Shay, President and Chief Executive Officer Joseph J. DePaolo and Vice-Chairman John Tamberlane, have for 20 years consistently driven the Bank’s robust organic growth to create long-term sustainable value for our shareholders.

### The Signature Bank Story and 2019 Financial Highlights

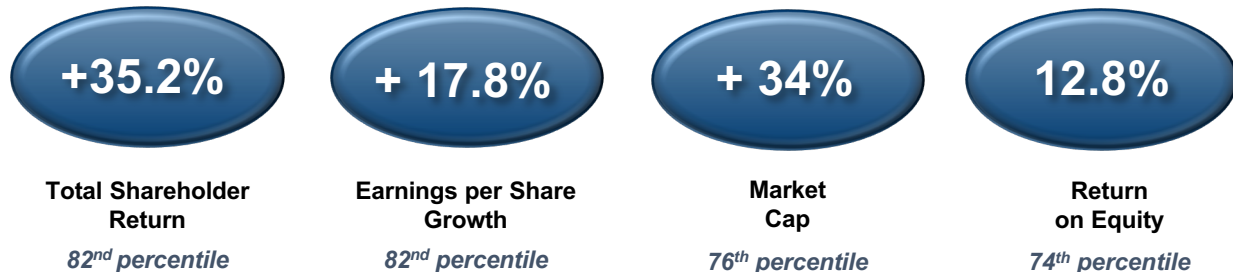
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Our Chairman, President and CEO and Vice-Chairman founded the Bank to fill a critical need in the marketplace for privately owned businesses, their owners and managers, which were not being adequately serviced by the large, money center banks. At the Bank, client care is highly personalized with a single point of contact approach. We believe our success and growth over the long-term has been driven by our distinctive business model and our three founders who have built a financial institution of veteran bankers with close client relations.

Under the stewardship of our leaders, we have achieved remarkable long-term growth:

- Over \$7.5 billion in value has been created for our shareholders since our inception
- Our stock price increased to \$136.61 (as of December 31, 2019), an approximate 881% increase from \$15.50 at our IPO in March 2004

2019 was a year of strong performance, with the following stellar accomplishments for shareholders. Our performance on key metrics all ranked among the top quartile of our peers. Below are some highlights of our strong performance and accomplishments achieved during 2019:



### Intensive Shareholder Outreach and Response to 2019 Say-on-Pay Vote

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Alongside our strong financial results in 2019 and as a direct result of shareholder engagement and feedback, we made significant advancements in our executive compensation programs. At the 2019 annual meeting, we did not receive majority shareholder support for the advisory vote on our NEO compensation (Say-on-Pay). This sent a strong and unequivocal message to all of us on the Board.

The Board takes our management oversight responsibilities seriously. Our key Board values are predicated on strong and effective governance, independent thought and decision making, and a commitment to drive shareholder value. In furtherance of these values, we took immediate action to address shareholder concerns and restore shareholder confidence in our executive compensation programs. Immediately:

- The Board appointed a Special Committee of Independent Board members (the “Special Committee”) to engage directly with shareholders and address the concerns raised by the vote.
- The Compensation Committee retained a new independent compensation consultant.

- The Special Committee hired an advisory firm to facilitate a robust shareholder outreach process to provide shareholders the opportunity to individually and *directly engage* with the Board's Special Committee.
- The Special Committee solicited feedback from shareholders holding approximately 70% of our common stock and successfully obtained feedback from the holders of 46% of our outstanding common stock.
- The Special Committee engaged in discussions with two major proxy advisory firms to understand their perspectives on the Bank's programs and best practices in executive compensation programs.

After careful deliberation of our shareholders' feedback, the Board approved extensive changes to our executive compensation program and policies designed to better align our compensation programs with best practices, ensure pay-performance alignment, and enhance transparency as follows:

## **We Made Significant Changes to our Compensation Program**

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### **Enhanced the Alignment of Pay and Performance:**

- Reduced 2020 incentive target opportunities for annual and long-term incentive programs resulting in an average 27% reduction in target total compensation for our NEOs.
- These actions followed an earlier decision whereby the CEO and Executive Chairman voluntarily reduced their 2019 equity awards.
- Increased the rigor of performance goals and revamped our long-term incentive program as described below in more detail.



### **Enhanced Rigor and Breadth of Performance Goals for our Annual Incentive Program:**

- Retroactively increased the ROE and ROA goals for the 2019 annual incentive program.
- Implemented a more rigorous process for assessing strategic non-financial goals as part of the Compensation Committee's assessment for determining 2019 incentive payouts.
- More defined "Scorecards" will be part of the 2020 annual incentive plan to provide increased rigor and facilitate better disclosure.



### **Significantly revamped our Long-Term Incentive Plan:**

- Changed target awards from a fixed number of shares to a percentage of base salary.
- Increased the weight of the performance-based portion of grants from 50% to 66%.
- Changed the performance period from annual vesting to three-year cliff vesting.
- Changed ROE from an absolute to relative goal comparing performance to an objective industry index to address goal rigor concerns.
- Added deposit growth and a relative Total Shareholder Return modifier to provide a more balanced view of long-term performance.
- Increased the performance level required to earn target awards for relative performance from 50<sup>th</sup> percentile to 55<sup>th</sup> percentile.



### **Enhanced Best Practices:**

- No longer pay dividends on unvested awards to our executives. Dividends will be accrued and paid when an award vests.
- Increased stock ownership guidelines to 6x salary (from 5x salary) for the CEO and Executive Chairman in order to further align their interests with shareholders.
- Adopted a formal clawback policy.



#### Enhanced transparency of our compensation program:

- Made major changes to the disclosure of our compensation program, rationale for pay decisions and engagement feedback.
- Compensation Committee members, the Special Committee and our Lead Director had significant involvement in our enhanced CD&A disclosure.
- Increased disclosure of the qualitative factors considered in the annual incentive plan.

Leading by example, in alignment with changes to our executive compensation program, we as the independent directors unanimously agreed to take a significant reduction in our compensation through a 40% reduction in the number of restricted shares awarded from 2,500 shares to 1,500.

For a more detailed summary of “what we heard” from you and “what we did to respond”, we encourage you to closely read the accompanying proxy materials and particularly the Compensation Discussion and Analysis on pages 29 to 30, which describe the significant changes we have made to respond to your input on our executive compensation programs. We hold ourselves accountable to shareholders and will continue to ensure our executive pay program is aligned with shareholder interests.

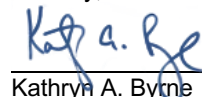
#### Your Support Is Important to Us

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We are eager to restore your confidence in our executive compensation program and are grateful for those of you who provided such valuable feedback. We hope to have your support in this year’s Say-on-Pay proposal and the other matters for your consideration in this proxy statement.

We are committed to maintaining an ongoing dialogue with you and encourage you to reach out with any additional questions or concerns before making your voting decisions. Thank you for your continued support of the Bank and your participation in the 2020 Annual Meeting.

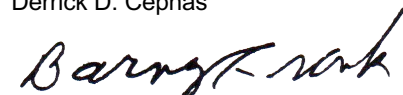
Sincerely,



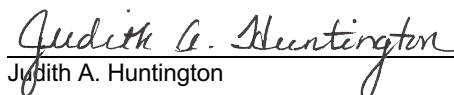
Kathryn A. Byrne



Derrick D. Cephas



Barney Frank



Judith A. Huntington



Alfonse M. D'Amato



Jeffrey W. Meshel

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# SIGNATURE BANK

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 22, 2020

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March 13, 2020

**To the Shareholders of Signature Bank,**

The Annual Meeting of the holders of common stock of the Bank will be held at The Roosevelt Hotel, 45 East 45th Street, New York, NY, on April 22, 2020 at 9:00 a.m., local time:

1. To elect three members of the Board to serve until their successors have been duly elected and qualified;
2. To ratify the appointment of KPMG LLP, an independent registered public accounting firm, as the independent auditors for the year ending December 31, 2020;
3. To hold an advisory vote on executive compensation, as described in these proxy materials;
4. To approve the Bank's share repurchase plan, which allows the Bank to repurchase from the Bank's stockholders from time to time in open market transactions, shares of the Bank's common stock in an aggregate purchase amount of up to \$500 million; and
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board has fixed March 3, 2020 as the record date for the Annual Meeting with respect to this solicitation. Only holders of record of the Bank's shares of common stock at the close of business on that date are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof as described in the Proxy Statement.

The Bank is taking advantage of procedures that allow companies to furnish proxy materials to their stockholders on the Internet. Accordingly, the Bank is sending a Notice of Internet Availability of Proxy Materials to its stockholders of record and beneficial owners, unless they have directed the Bank to provide the materials in a different manner. The Notice of Internet Availability of Proxy Materials provides instructions on how to access and review all of the important information contained in the Bank's Proxy Statement and Annual Report to Stockholders, as well as how to submit a proxy over the Internet. If a stockholder receives the Notice of Internet Availability of Proxy Materials and would still like to receive a printed copy of the Bank's proxy materials, instructions for requesting these materials are included in the Notice of Internet Availability of Proxy Materials. The Bank plans to mail the Notice of Internet Availability of Proxy Materials to stockholders by March 13, 2020. The Bank will continue to mail a printed copy of this Proxy Statement and form of proxy to certain stockholders and it expects this mailing to begin on or about March 13, 2020.

**WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE FOLLOW THE INSTRUCTIONS IN THE BANK'S NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS TO VOTE YOUR PROXY. A PROXY MAY BE REVOKED BY A SHAREHOLDER ANY TIME PRIOR TO ITS USE AS SPECIFIED IN THE ENCLOSED PROXY STATEMENT.**

By Order of the Board,



Patricia E. O'Melia  
Corporate Secretary

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SIGNATURE BANK®

565 Fifth Avenue  
New York, NY 10017

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PROXY STATEMENT

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The Board is furnishing this Proxy Statement to solicit proxies for use at the Bank's Annual Meeting of Shareholders (the "2020 Annual Meeting"), to be held on April 22, 2020 at 9:00 a.m., local time, at The Roosevelt Hotel, 45 East 45th Street, New York, NY, and at any adjournment of the meeting. Each valid proxy received in time will be voted at the meeting according to the instructions specified, if any. A proxy may be revoked at any time before the proxy is voted as outlined below.

## 2020 ANNUAL MEETING INFORMATION

This summary highlights information you will find in this Proxy Statement. As it is only a summary, please review the complete Proxy Statement before you vote.



**Date and Time:**  
April 22, 2020 at  
9:00 a.m., local time



**Location:**  
The Roosevelt Hotel  
45 East 45th Street  
New York, NY



**Record Date:**  
March 3, 2020



**Proxy Mail Date:**  
On or about  
March 13, 2020

### How to Vote

**By Internet:**  
Visit the website  
listed  
on your proxy card

**By Phone:**  
Call the telephone  
number on your  
proxy card

**By Mail:**  
Sign, date and return  
your proxy card in the  
enclosed envelope

**In Person:**  
Attend the Annual  
Meeting in  
New York, NY

**Voting:** Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

**Admission:** Admission to the 2020 Annual Meeting is limited to shareholders as of the record date or their duly appointed proxies. If you attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport.

### 2020 Annual Meeting Agenda and Vote Recommendations:

Matter		Board Vote Recommendation		Page Reference (for more details)
Proposal 1	Election of Directors	<input checked="" type="checkbox"/>	FOR	59
Proposal 2	Ratification of Independent Auditors	<input checked="" type="checkbox"/>	FOR	60
Proposal 3	Advisory Vote on Executive Compensation	<input checked="" type="checkbox"/>	FOR	61
Proposal 4	Approval of the Stock Repurchase Plan	<input checked="" type="checkbox"/>	FOR	62

## ABOUT THE MEETING

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### What is the purpose of the annual meeting?

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At our 2020 Annual Meeting, shareholders will act upon the following matters which are outlined in the enclosed notice of meeting:

1. The election of three members of the Board to serve until their successors have been duly elected and qualified;
2. The ratification of the Bank's independent auditors;
3. An advisory vote on executive compensation;
4. The approval of the Bank's share repurchase plan, which allows the Bank to repurchase from the Bank's stockholders from time to time in open market transactions, shares of the Bank's common stock in an aggregate purchase amount of up to \$500 million; and
5. Such other business as may properly come before the meeting or any adjournment thereof.

In addition, management will report on the performance of the Bank and respond to questions from shareholders.

### Who is entitled to vote at the meeting?

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Only shareholders of record at the close of business on March 3, 2020, the record date for the meeting, are entitled to receive notice of and to participate in the 2020 Annual Meeting. If you were a shareholder of record (or held restricted shares with voting rights) on that date, you will be entitled to vote all such shares at the meeting, or any postponements or adjournments of the meeting.

### What are the voting rights of the holders of Signature Bank common stock?

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Each issued and outstanding share of the Bank's common stock will be entitled to one vote on each matter considered at the 2020 Annual Meeting.

### Who can attend the meeting?

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All shareholders as of the record date, or their duly appointed proxies, may attend the 2020 Annual Meeting. If you attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting. Please also note that if you hold your shares in "street name" (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the meeting.

### What constitutes a quorum?

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The presence at the meeting, in person or by proxy, of the holders of a majority of the votes represented by the common stock issued and outstanding on the record date will constitute a quorum, permitting the meeting to conduct its business. Abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting.

### Why did I receive a notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials?

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Pursuant to rules adopted by the FDIC and the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials on the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials to our stockholders of record and beneficial owners. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability of Proxy Materials or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials on the Internet or to request a printed copy may be found in the Notice of Internet Availability of Proxy Materials. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis.

## How can I get electronic access to the proxy materials?

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The Notice of Internet Availability of Proxy Materials will provide you with instructions regarding how to:

- View our proxy materials for the 2020 Annual Meeting on the Internet; and
- Instruct us to send future proxy materials to you electronically by email.

Choosing to receive future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the impact of our annual meetings on the environment. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

## How do I vote?

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Your vote is important. Your shares can be voted at the annual meeting only if you are present in person or represented by proxy. Even if you plan to attend the meeting, we urge you to authorize your proxy in advance. We encourage you to authorize your proxy electronically by going to the [www.proxyvote.com](http://www.proxyvote.com) website or by calling the toll-free number (for residents of the United States and Canada) listed on your proxy card. Please have your proxy card in hand when going online or calling. **If you authorize your proxy electronically, you do not need to return your proxy card.** If you choose to authorize your proxy by mail, simply mark your proxy card, and then date, sign and return it in the postage-paid envelope provided.

If you hold your shares beneficially in a street name, *i.e.*, through a nominee (such as a bank or broker), you may be able to authorize your proxy by telephone or the Internet as well as by mail. You should follow the instructions you receive from your broker or other nominee to vote these shares.

## May I change my vote after I return my proxy card?

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Yes. Even after you have submitted your proxy, you may revoke or change your vote at any time before the proxy is exercised. You may revoke your proxy by:

- voting again on the Internet or telephone (only the latest Internet or telephone proxy will be counted);
- properly executing and delivering a later-dated proxy card;
- voting by ballot at the meeting; or
- sending a written notice of revocation to the inspectors of election in care of the Corporate Secretary of the Bank at the address listed above.

## What are the Board of Directors' recommendations regarding the agenda items?

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Unless you give other instructions on your proxy card or through your electronic proxy, the persons named as proxy holders on the proxy card or in your electronic proxy will vote in accordance with the recommendations of the Board. The Board's recommendations are set forth together with the description of each item in this Proxy Statement. In summary, the Board recommends a vote:

- *for* the election of the nominees for the Board (see Proposal 1);
- *for* ratification of the appointment of KPMG LLP as the Bank's independent auditors for fiscal year 2020 (see Proposal 2);
- *for* approval, on an advisory basis, of the compensation of our executive officers (see Proposal 3); and
- *for* approval of the Bank's share repurchase plan, which allows the Bank to repurchase from the Bank's stockholders from time to time in open market transactions, shares of the Bank's common stock in an aggregate purchase amount of up to \$500 million (see Proposal 4).

With respect to any other matter that properly comes before the meeting, including an adjournment of the meeting to a later time, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion, unless such matter is deemed significant, in which case no vote will be cast.

## What vote is required to approve each item?

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*Election of Directors.* A majority of the votes cast at the meeting is required for the election of directors. You may vote “FOR,” “AGAINST” or “ABSTAIN” with respect to each nominee. A properly executed proxy marked “ABSTAIN” with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum present at the meeting.

*Other Items.* The affirmative vote of a majority of the votes cast on Proposals 2 and 3 will be required for approval. The affirmative vote of two-thirds of the outstanding shares of common stock is required for approval of Proposal 4. For Proposals 2, 3 and 4 you may vote “FOR,” “AGAINST,” or “ABSTAIN.” A properly executed proxy marked “ABSTAIN” with respect to any such matter will not be voted and will have the effect of a vote against Proposal 4, although it will be counted for purposes of determining whether there is a quorum present at the meeting.

## What happens if I do not give specific voting instructions?

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*Shareholders of Record.* If you are a shareholder of record and you:

- indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board; or
- sign and return a proxy card without giving specific voting instructions,

then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the 2020 Annual Meeting. See the section entitled “Other Matters” below.

*Beneficial Owners of Shares Held in Street Name.* If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, pursuant to the applicable rules, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a “broker non-vote,” and will be counted in the method described under “How are broker non-votes and abstentions treated” below.

## Which ballot measures are considered “routine” or “non-routine”?

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The ratification of the appointment of KPMG LLP as the Bank’s independent registered public accounting firm for 2020 (Proposal 2) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 2.

The election of directors (Proposal 1), the advisory vote on executive compensation (Proposal 3) and the approval of the stock repurchase plan (Proposal 4) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposals 1, 3 and 4.

## How are broker non-votes and abstentions treated?

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Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Only “FOR” and “AGAINST” votes are counted for purposes of determining the votes cast in connection with each proposal. Broker non-votes and abstentions will have no effect on determining whether the affirmative vote constitutes a majority of the votes cast with respect to Proposals 1, 2 and 3. However, a broker or other nominee may generally vote on routine matters and therefore no broker non-votes are expected in connection with Proposal 2. Because approval of Proposal 4 requires the affirmative vote of two-thirds of the shares outstanding, broker non-votes and abstentions will have the effect of a vote against Proposal 4.

## What happens if additional matters are presented at the annual meeting?

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We are not aware of any business to be acted upon at the 2020 Annual Meeting, other than the items of business described in this Proxy Statement. If you grant a proxy, the persons named as proxy holders will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting, including an adjournment of the meeting to a later time. If for any unforeseen reason any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the Board.

### **Who will bear the cost of soliciting votes for the annual meeting?**

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The Bank is making this solicitation and will pay the entire cost of preparing and distributing these proxy materials and soliciting votes. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone or by electronic communication by our directors, officers and employees, who will not receive any additional compensation for such solicitation activities. In addition, the Bank has engaged the firm of Okapi Partners LLC to assist in the solicitation of proxies for the 2020 Annual Meeting and will pay Okapi Partners a fee of approximately \$16,500, plus reimbursement of out-of-pocket expenses. The address of Okapi Partners is 1212 Avenue of the Americas, 24th Floor, New York, New York 10036. If you need assistance in completing your proxy card or voting by telephone or on the Internet, or have questions regarding the 2020 Annual Meeting, please contact Okapi Partners at (212) 297-0720 or by email at [info@okapipartners.com](mailto:info@okapipartners.com).

### **Where can I find the voting results of the annual meeting?**

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We intend to announce preliminary voting results at the 2020 Annual Meeting and publish the final results in a Current Report on Form 8-K within four business days of the 2020 Annual Meeting.

## **OUTSTANDING VOTING SECURITIES**

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The Bank has fixed the close of business on March 3, 2020 as the record date for determining stockholders entitled to receive copies of this Proxy Statement. As of the record date, there were 53,324,039 shares of the Bank's common stock outstanding. Each issued and outstanding share of the Bank's common stock has one (1) vote on any matter submitted to a vote of stockholders.

## PRINCIPAL SHAREHOLDERS

### Beneficial Ownership Table

The table below sets forth, as of March 3, 2020, information with respect to the beneficial ownership of the Bank's common stock by:

- each of our directors, nominees for directors and each of the executive officers named in the Summary Compensation Table under "Executive Compensation";
- each person who is known to be the beneficial owner of more than 5% of any class or series of our capital stock; and
- all of our directors, nominees for directors and executive officers as a group.

The amounts and percentages of common stock beneficially owned are reported on the basis of applicable regulations governing the determination of beneficial ownership of securities. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities.

Name and Address of Beneficial Owner <sup>(1)</sup>	Shares of Common Stock Beneficially Owned on March 3, 2020	
	Number of Shares	Percentage of Class
BlackRock, Inc. <sup>(2)</sup>	5,338,701	9.9%
The Vanguard Group, Inc. <sup>(3)</sup>	4,839,774	9.0%
T. Rowe Price Associates, Inc. <sup>(4)</sup>	3,246,485	6.1%
FMR LLC <sup>(5)</sup>	3,166,201	5.9%
Scott A. Shay <sup>(6)(7)(8)</sup>	497,153	*
Joseph J. DePaolo <sup>(6)(7)(8)</sup>	249,417	*
John Tamberlane <sup>(6)(7)(8)</sup>	146,755	*
Mark T. Sigona <sup>(6)(7)(8)</sup>	190,396	*
Peter S. Quinlan <sup>(6)(7)(8)</sup>	141,273	*
Eric R. Howell <sup>(6)(7)(8)</sup>	103,534	*
Vito Susca <sup>(6)(7)(8)</sup>	53,207	*
Thomas Kasulka <sup>(6)(7)(8)</sup>	24,580	*
Brian Twomey <sup>(6)(7)(8)</sup>	11,973	*
Alfonse M. D'Amato <sup>(6)(8)</sup>	17,500	*
Jeffrey W. Meshel <sup>(6)(8)</sup>	23,864	*
Kathryn A. Byrne <sup>(6)(8)</sup>	7,500	*
Judith A. Huntington <sup>(6)(8)</sup>	10,144	*
Barney Frank <sup>(6)(8)</sup>	6,489	*
Derrick D. Cephas <sup>(6)(8)</sup>	5,402	*
All current directors, nominees and executive officers as a group (15 persons) <sup>(6)(7)(8)</sup>	1,489,187	2.8%

\* Less than 1%.

(1) Unless otherwise noted, the business address is c/o Signature Bank, 565 Fifth Avenue, New York, NY 10017.

(2) Pursuant to a Schedule 13G/A filed by BlackRock, Inc. for the period ended December 31, 2019, BlackRock, Inc., in its capacity as an investment advisor, may be deemed the beneficial owner of these shares. The business address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

(3) Pursuant to a Schedule 13G/A filed by The Vanguard Group, Inc. for the period ended December 31, 2019, The Vanguard Group, Inc., in its capacity as an investment advisor, or its subsidiaries, in their capacity as investment managers, may be deemed the beneficial owner of these shares. The business address of The Vanguard Group, Inc. is 100 Vanguard Blvd., Malvern, PA 19355.

(4) Pursuant to a Schedule 13G/A filed by T. Rowe Price Associates, Inc. for the period ended December 31, 2019, T. Rowe Price Associates, Inc., in its capacity as an investment advisor, may be deemed the beneficial owner of these shares. The business address of T. Rowe Price Associates, Inc. is 100 E. Pratt Street, Baltimore, MD 21202.

(5) Pursuant to a Schedule 13F-HR filed by FMR LLC for the period ended December 31, 2019. FMR LLC, in its capacity as an investment advisor, may be deemed the beneficial owner of these shares. The business address of FMR LLC is 245 Summer Street, Boston, MA 02210.



(6) Includes, for each of the following persons, the respective number of shares of restricted stock vesting or with voting power currently or within 60 days of March 3, 2020:

Name	Restricted Stock
Scott A. Shay	71,944
Joseph J. DePaolo	87,505
John Tamberlane	59,883
Mark T. Sigona	59,883
Peter S. Quinlan	59,813
Eric R. Howell	59,883
Vito Susca	33,856
Thomas Kasulka	22,181
Brian Twomey	11,626
Alfonse M. D'Amato	2,500
Jeffrey W. Meshel	2,500
Kathryn A. Byrne	2,500
Judith A. Huntington	2,500
Barney Frank	2,500
Derrick D. Cephas	2,500

(7) Excludes, for each of the following persons, the respective number of nonvested performance-based restricted stock units granted on January 27, 2020:

Name	Performance-Based Restricted Stock Units
Scott A. Shay	9,751
Joseph J. DePaolo	14,768
John Tamberlane	6,828
Mark T. Sigona	6,828
Peter S. Quinlan	6,691
Eric R. Howell	6,828
Vito Susca	4,814
Thomas Kasulka	0
Brian Twomey	0

(8) None of the named individuals have pledged any shares as security.

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Bank's executive officers, directors and persons who own more than 10% of the Bank's common stock to file reports of ownership and changes in ownership with the SEC. These persons are required to provide the Bank with copies of all Section 16(a) forms that they file. Based solely on the Bank's review of these forms and other representations from the executive officers and directors, the Bank believes that each of its executive officers and directors timely filed all reports of purchases or sales of common stock.

## CORPORATE GOVERNANCE

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The Bank believes in having sound corporate governance principles that support and enhance our business strategy. Having such principles is essential to our business and to maintaining our integrity in the marketplace.

Our Corporate Governance structure is also informed by our unique structure and business model. Unlike many other financial services firms, our stockholders are direct investors in our bank, and not a holding company. Our business model is based on a deposit gathering approach where many of our most valuable clients keep deposits with us that are well in excess of FDIC deposit insurance limits. Stability in our corporate structure, board and management team is a key strategic imperative due to its importance in ensuring depositor security and enhancing our credit base. Sudden or excessive changeover in board membership or management could be detrimental to our business. As a result, we have retained certain corporate governance practices, such as a classified board, in recognition of this need for stability.

Nevertheless, our Board regularly evaluates our corporate governance practices to ensure they are in keeping with shareholder expectations within the context of the foregoing philosophy. These evaluations and outreach to investors have informed several changes and developments over the past several years, including the following:

- **Term limit for directors.** In 2018, we adopted a policy that provides for term limits for non-employee directors. Non-employee directors who are first elected after the 2018 Annual Meeting may serve up to four three-year terms. Each nominee who was elected at our 2018 Annual Meeting is eligible for up to one additional term following the end of the term for which they were elected at the 2018 Annual Meeting. Each non-employee director continuing in office at the time of our 2018 Annual Meeting may serve up to five three-year terms.
- **Board Refreshment.** The elected terms of our three most veteran directors (Mr. D'Amato, Mr. Meshel and Ms. Byrne) will expire at our Annual Meeting in 2021. As part of the Bank's commitment to Board refreshment, Messrs. D'Amato and Meshel (each directors since 2005) are not expected to seek, nor is the Board expected to re-nominate them for, re-election at our Annual Meeting in 2021. To assure continuity during the Board refreshment, Ms. Byrne (a director since 2005) is expected to stand for re-election at the Annual Meeting in 2021 but anticipates stepping down from the Board one year after her re-election following a transition period for the newly elected directors. The Board recognizes the significant contributions of Mr. D'Amato, Mr. Meshel and Ms. Byrne to the Bank and looks forward to identifying new director candidates who will positively contribute to the Board.
- **Proxy Access.** Our By-Laws permit a stockholder, or a group of up to 20 stockholders, that owns 3% or more of the Bank's common stock continuously for at least three years to nominate and include in the Bank's proxy materials candidates for election as directors. Such stockholder(s) or group(s) of stockholders may nominate up to the greater of two individuals or 25% of the Board, provided that the stockholder(s) and the nominee(s) satisfy the eligibility, notice and other requirements specified in the By-Laws.
- **Majority Election of Directors.** Our Certificate of Organization requires that nominees for director in uncontested elections receive a majority of the votes cast in respect of their election as directors.
- **Written corporate governance guidelines.** Our Corporate Governance Guidelines formalize certain of the Bank's and the Board's existing governance policies and practices with respect to board membership; leadership; roles, procedures and practices; committees; and executive officer evaluations, compensation and succession and also address the new governance policies discussed below. These Corporate Governance Guidelines are available on the Bank's website ([www.signatureny.com](http://www.signatureny.com)) under "Investor Relations."
- **Preferred stock issuance policy.** Pursuant to this policy, the Board represents that it will not, without prior shareholder approval, issue or use preferred stock for any defensive or anti-takeover purpose or for the purpose of implementing any shareholder rights plan, unless necessary in the exercise of its fiduciary duties. Within these limits, the Board may issue preferred stock for capital raising transactions, acquisitions, joint ventures or other corporate purposes notwithstanding that such actions may also have the effect of making an acquisition of the Bank more difficult or costly.
- **Policy limiting the number of simultaneous public company directorships that a Signature Bank director may hold.** Pursuant to this policy, no director should serve on more than two other public company boards, no member of the Examining Committee should serve on more than two other public company audit committees, and no director who is an executive officer of another public company should serve on more than one other public company board, aside from the board of his or her own company. In addition, it is the policy of the Bank that directors should advise the Chairman of the Board in advance of accepting an invitation to serve on another public company board or audit committee.

In addition to the above changes, the Board has also considered whether the removal of certain supermajority vote requirements from the Bank's Amended and Restated Bylaws (the "By-laws") and other provisions would be in the best interests of the Bank's shareholders. In its discussions, the Board considered, among other things, that while broader,

general U.S. investor sentiment leans towards the removal of such protections, the unique nature of the Bank's business argues in favor of retaining these provisions. As noted above, continuity in our governance and management structure is vitally important to our depositors and clients. The importance of continued stability to our Bank is further reflected by the fact that the New York Banking Law itself imposes limitations on our ability to remove certain of these governance protections without approval from the Superintendent of Financial Services or at all. For example, the Bank is subject to a requirement under NY Banking Law § 601 that mergers involving the Bank be approved by two-thirds in amount of stock of the Bank and, further, by a requirement under NY Banking Law § 6016 that the two-thirds supermajority approval requirement may be increased, but not decreased. In addition, it is the belief of the Board that, if the Bank were ever faced with a takeover offer, these protections would provide the Bank and its shareholders with important protection against coercive offers, would provide leverage to the Board and would be potentially value-enhancing in any takeover negotiations. Moreover, our Board also believes that such provisions encourage directors to take a long-term perspective for the Bank. In light of the importance of continued stability to our business, the existence of certain default law requirements and other foregoing considerations, the Board determined that it would not be in the best interests of shareholders to remove certain of the Bank's defensive protections, such as the supermajority vote requirements and our classified board structure, at this time. The Board will continue to evaluate these provisions from time to time and recommend changes as appropriate.

## **Director Independence**

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The Board will have a majority of directors who meet the criteria for independence required by any stock exchange on which the common stock of the Bank is listed. In addition to the foregoing, Examining Committee and Compensation Committee members are subject to heightened independence requirements pursuant to the rules of the SEC and any applicable stock exchange. The Board shall determine, annually or more frequently as the Board may so desire, based on all of the relevant facts and circumstances, whether each director satisfies these criteria for independence and will disclose each of these determinations.

The Board has evaluated all relationships between each director and the Bank and has determined that Kathryn A. Byrne, Derrick D. Cephas, Alfonse M. D'Amato, Barney Frank, Judith A. Huntington and Jeffrey W. Meshel are "independent directors" as defined in the Nasdaq Marketplace Rules.

## **Board of Directors' Leadership, Structure and Committee Composition**

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### *Board of Directors' Leadership*

Our Board is led by our Executive Chairman. We have decided to separate the roles of Chief Executive Officer and Executive Chairman because each is significantly involved in the management of the Bank and each is primarily responsible for managing different aspects of our company. As a result, we separate these two functions to permit each to give a significant amount of attention to the areas managed.

In order to maintain the independent integrity of the Board, if the Chairman is not independent, the Board appoints a Lead Independent Director. Currently, our Lead Independent Director is Kathryn A. Byrne. The Lead Independent Director's responsibilities include, but are not limited to:

- presiding at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors;
- serving as a liaison between the Chairman of the Board and the independent directors;
- reviewing and approving materials to be sent to the Board;
- approving the meeting agendas for the Board;
- having the authority to call meetings of the independent directors; and
- serving on the Nominating Committee.

In addition to the foregoing, the Lead Independent Director oversees an annual evaluation of the Board and its committees to determine whether it and its committees are functioning effectively. The Lead Independent Director receives comments from all directors as to the performance of the Board and its committees and reports annually to the Board with an assessment of such discussions and recommendations for improvements.

### *Board Structure and Committee Composition*

During 2019, our Board had nine directors and five Board committees: the Risk Committee, the Credit Committee, the Examining Committee, the Compensation Committee and the Nominating Committee. The membership during the last fiscal year and the function of each of the committees are described below. Each of the committees operates under a written charter adopted by the Board. The committee charters are available on the Bank's website ([www.signaturesny.com](http://www.signaturesny.com)) under "Investor Relations." During 2019, the Board held ten meetings. During this period, all of the directors attended or participated in more than 80% of the aggregate of the total meetings held by the Board and the total number of meetings held by all committees of the Board. Directors are expected to attend annual meetings of the Bank's shareholders, and all of our directors attended our 2019 annual meeting of shareholders.

## Risk Oversight

The Board monitors management and assists management in evaluating all aspects of risk facing the Bank. The Board has also established a Risk Committee, which is currently comprised of Messrs. Shay, DePaolo, Frank, Cephas and Tamberlane and Ms. Huntington, to assist the Board in fulfilling its oversight responsibilities with regard to (a) the risks inherent in the Bank and the control processes with respect to such risks, (b) the assessment and review of credit, market, liquidity, operational, technology, data security, and business continuity risks, among others, and (c) the risk management activities of the Bank. The Board's primary means for overseeing and evaluating risk are through open lines of communication with management, including receiving regular reports on risk from management, the Risk Committee and, in particular, our Chief Risk Officer. The four primary types of risk we face are credit risk, interest rate risk, liquidity risk and operational risk (including cybersecurity). The Risk Committee monitors these risks and provides reports to the Board with respect to each of these risks. With respect to credit risk, the Credit Committee, which is composed of Messrs. Shay, DePaolo, Tamberlane, Cephas and Meshel, and the Risk Committee receive three reports per year from our Internal Loan Review Manager, who also briefs the other members of the Board regarding such report. With respect to interest rate risk and liquidity risk, the Board and the Risk Committee receive reports from senior management on the Bank's investment performance, including asset/liability management, and receive reports from a third-party consultant detailing the performance of the Bank's investments. With respect to operational risks, the Board and the Risk Committee receive regular reports from the Chief Operating Officer and various department heads, which encompass matters including regulatory compliance, physical security, disaster recovery and the Bank's insurance coverage.

## Board and Committee Composition

Director Name	Compensation Committee	Credit Committee	Examining Committee	Nominating Committee	Risk Committee
Kathryn A. Byrne			●	●	
Derrick D. Cephas		●	●		●
Alfonse M. D'Amato	● <sup>CC</sup>			● <sup>CC</sup>	
Joseph J. DePaolo		●			●
Barney Frank					●
Judith A. Huntington	●		● <sup>CC</sup>		●
Jeffrey W. Meshel	●	●			
Scott A. Shay		● <sup>CB</sup> ● <sup>CC</sup>			● <sup>CB</sup> ● <sup>CC</sup>
John Tamberlane		● <sup>VCB</sup>			● <sup>VCB</sup>

●<sup>CC</sup> = Chairperson ●<sup>VCB</sup> = Vice-Chairman of the Board ●<sup>CB</sup> = Chairman of the Board ● = Member

## Board Committees

### Risk Committee

#### Members:

Scott A. Shay (Chair)  
Joseph J. DePaolo  
Barney Frank  
Judith A. Huntington  
Derrick D. Cephas  
John Tamberlane

The Risk Committee must consist of at least one independent director and will include members of the Bank's management, including the Chief Risk Officer, the Chief Operating Officer, the Chief Credit Officer, the Chief Financial Officer, and the Chief Technology Officer. The Bank's Chief Auditor is a permanent invitee to all meetings. Mr. Shay has been the Chair of the Risk Committee since its inception.

#### Meetings in 2019:

The Risk Committee held four meetings in 2019.

## **Key Responsibilities**

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The Risk Committee's duties and responsibilities are set forth in the charter of the Risk Committee and include the development and articulation of the risk and risk appetite within the Bank, the enhancement of means of identifying, qualifying, quantifying, measuring and monitoring key risk indicators ("KRIs") or dashboards for each major risk sector, the education of management and employees about their responsibilities to manage risks and the review of key management, systems, processes and decisions so as to build risk assessment data into critical business systems. Among other responsibilities, the Risk Committee reviews significant financial and other risk exposures and the steps management has taken to monitor, control and report such exposures, including, but not limited to, credit, interest rate, market, liquidity, operational, fraud, technology, data security and business continuity risks; evaluates key risk exposure and tolerance; reviews and evaluates the Bank's policies and practices with respect to risk assessment and risk management; reviews reports and significant findings of the Risk Management and Internal Audit Departments with respect to the risk management activities of the Bank together with management's responses and follow up to these reports; reviews significant reports from regulatory agencies and any new industry guidance related to risk exposures; reviews the scope of the Risk Management group and its planned activities with respect to the risk management review of the Bank; reviews the Bank's technology risk management, including, among other things, business continuity planning and data security; and reports periodically and escalates issues of primary significance to the Board. The functions of the Risk Committee are further described in the Proxy Statement under "Report of the Risk Committee." The charter of the Risk Committee is available on the Bank's website ([www.signatureny.com](http://www.signatureny.com)) under "Investor Relations."

## **Examining Committee**

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### **Members:**

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Judith A. Huntington (Chair)  
Kathryn A. Byrne  
Derrick D. Cephas

The Board has determined that Kathryn A. Byrne, Judith A. Huntington and Derrick D. Cephas are each independent as such term is defined by the NASDAQ Marketplace Rules and are each "financial experts" under the SEC rules. There is a limit of five years on the term of the Chair of the Examining Committee. Judith A. Huntington became Chair of the Examining Committee on February 17, 2016.

### **Meetings in 2019:**

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The Examining Committee held 12 meetings in 2019.

### **Key Responsibilities:**

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The Examining Committee's duties and responsibilities are set forth in the charter of the Examining Committee and include the general oversight of the integrity of the Bank's financial statements, the Bank's compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, the performance of the Bank's internal audit function and registered public accounting firm, and risk assessment and risk management. Among other responsibilities, the Examining Committee prepares the Examining Committee report for inclusion in the annual proxy statement; annually reviews the Examining Committee charter and the Committee's performance; reviews and approves any material related party transactions; appoints, evaluates and determines the compensation of the Bank's registered public accounting firm; reviews and approves the scope of the annual audit, the audit fee and the financial statements; reviews the Bank's disclosure controls and procedures, internal controls, and information security policies; reviews the internal audit function; and reviews corporate policies with respect to financial information and earnings guidance; oversees investigations into complaints concerning financial matters; and reviews other risks that may have a significant impact on the Bank's financial statements. The Examining Committee works closely with management as well as the Bank's registered public accounting firm. The Examining Committee has the authority to obtain advice and assistance from, and receive appropriate funding from the Bank for, outside legal, accounting or other advisors as the Examining Committee deems necessary to carry out its duties. In fulfilling its duties and responsibilities, the Examining Committee may reasonably rely on the information and representations it receives from professionals, experts and persons within the Bank. The functions of the Examining Committee are further described in this Proxy Statement under "Report of the Examining Committee." The charter of the Examining Committee is available on the Bank's website ([www.signatureny.com](http://www.signatureny.com)) under "Investor Relations."

## Compensation Committee

### Members:

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Alfonse M. D'Amato (Chair)  
Judith A. Huntington  
Jeffrey W. Meshel

The Compensation Committee consists solely of the Bank's independent directors, any of whom may be removed at any time by action of the Board. The Chair is designated by the Board and the Committee must have at least two meetings per year. There is a five-year limit on the term of the Chair. The Bank will identify the next Chair of the Compensation Committee following the 2020 Annual Meeting.

### Meetings in 2019:

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The Compensation Committee held seven meetings in 2019.

### Key Responsibilities:

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The Compensation Committee's duties and responsibilities are set forth in the charter of the Compensation Committee. The charter of the Compensation Committee is available on the Bank's website ([www.signaturenyc.com](http://www.signaturenyc.com)) under "*Investor Relations*." The scope of authority of the Compensation Committee includes the power to:

- review and determine compensation of the Bank's CEO and other executive officers on an annual basis;
- review and make recommendations to management and the Board with respect to policies relating to compensation, the Bank's equity compensation plan and the adoption of new incentive compensation and equity-based plans;
- administer the 2004 Equity Plan and the Change of Control Severance Plan;
- approve the terms of the grant agreements for all equity awards and make such grants of equity awards;
- review and approve all compensation awards, employment agreements, and severance plans and agreements for executive officers and key employees; and
- review its own performance and the adequacy of the Compensation Committee Charter annually and report regularly to the Board, recommending any changes it deems appropriate.

The Executive Chairman and the Chief Executive Officer are the only executive officers to have a role in determining or recommending the amount or form of executive and director compensation. Together they annually review the performance of each executive. The conclusions reached and recommendations made based on these reviews, including those with respect to salary adjustments and annual award amounts, are then presented to the Committee for review and approval and/or ratification. The Executive Chairman and the Chief Executive Officer do not determine their own salary levels. The Committee can exercise its full discretion in modifying any recommended adjustments or awards to executives.

The Committee has engaged a compensation consultant to assist it in carrying out its responsibilities and to conduct periodic reviews of the total compensation program for executive officers. The Committee's consultant provides the Committee with guidance and relevant market data to consider in their determination of the amount and form of executive and director compensation. Such information enables the Committee to review compensation practices at peer companies in the banking industry and compare our named executive officers' current compensation levels to competitive market norms. The Committee's consultant is engaged directly by the Committee, which has the sole authority to retain or terminate consultants to assist it in the evaluation of director, chief executive officer or executive compensation. The Committee has the sole authority to determine the terms of engagement and the extent of funding necessary for payment of compensation to any consultant retained to advise the Committee and considers the independence of any consultant with respect to their engagement.



## Nominating Committee

### Members:

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Alfonse M. D'Amato (Chair)  
Kathryn A. Byrne

### Meetings in 2019:

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The Nominating Committee held one meeting in 2019. However, Nominating Committee members communicate via telephone to consider and assess members of the Board and prospective candidates for Board membership.

### Key Responsibilities:

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The Nominating Committee's duties and responsibilities are set forth in its charter and include identifying individuals qualified to become members of the Board, consistent with the criteria set forth below under "Consideration of Director Nominees — Identifying and Evaluating Nominees for Directors" and "Consideration of Director Nominees — Director Qualifications," and overseeing the organization of the Board to discharge the Board's duties and responsibilities properly and efficiently. Other specific duties and responsibilities of the Nominating Committee include annually assessing the size and composition of the Board; developing membership qualifications for the Board's committees; defining specific criteria for director independence; annually reviewing and recommending directors for continued service; coordinating and assisting management and the Board in recruiting new members and conducting periodic reviews of the independence of the members of the Board and its committees and the financial literacy and expertise of Examining Committee members. The charter of the Nominating Committee is available on the Bank's website ([www.signatureny.com](http://www.signatureny.com)) under "*Investor Relations*."

## Credit Committee

### Members:

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Scott A. Shay (Chair)  
Derrick D. Cephas  
Joseph J. DePaolo  
Jeffrey W. Meshel  
John Tamberlane

### Meetings in 2019:

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The Credit Committee held four meetings in 2019. However, Credit Committee members are frequently asked to review and vote on credit matters via email and telephone communications.

### Key Responsibilities:

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The Credit Committee's duties and responsibilities are set forth in its charter and include periodically updating the Bank's credit policy manual to ensure the credit quality of the Bank's loan portfolio and to maintain profitability of the Bank. Other specific duties and responsibilities of the Credit Committee include reviewing the strategies to develop and achieve the credit and lending goals of the Bank and making appropriate recommendations to the Board; determining the lending authority levels for the Chief Credit Officer and other members of senior management; authorizing the Chief Credit Officer to establish and manage lending authority levels for employees of the Bank; and reviewing reports provided by the Chief Risk Officer. The charter of the Credit Committee is available on the Bank's website ([www.signatureny.com](http://www.signatureny.com)) under "*Investor Relations*."

## Stock Ownership and Holding Requirements

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The Bank has adopted a policy pertaining to the ownership and retention of the Bank's securities for all executive officers and independent directors. The policy states that all executive officers of the Bank must achieve ownership levels (defined as a multiple of base salary) and retain 50% of any shares acquired for two years after such shares (or the related awards) vest. Independent Board members must retain 50% of any vested shares (after the payment of taxes) through retirement.

Additionally, pursuant to the Bank's securities trading policy, directors, officers and employees are strictly prohibited from hedging any of the Bank's securities. They are however permitted to pledge the Bank's securities.

## Environmental, Social, and Governance Report

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In 2020, the Bank will issue its inaugural Environmental, Social, and Governance (“ESG”) Report. The report will focus on the Bank’s environmental and community initiatives, which are highlighted below.

### *Environmental Initiatives*

The Bank has implemented a range of initiatives targeted toward sustainability, all in an effort to positively impact the environment and reduce operating expenses, which in turn, benefits our stakeholders as well. In this regard, the Bank has put many day-to-day energy-efficient practices in place, including various power-saving capabilities, a host of paperless solutions and certain recycling programs. The Bank’s environmental initiatives include:

- Relocating our back-office operations into newer energy-efficient offices;
- Installing high-efficiency heating, ventilation and air conditioning systems in all our new buildings;
- Installing motion-sensitive lighting in our buildings to conserve energy;
- Operating recycling programs across all of our locations and corporate offices, which include daily consumption items as well as printer cartridges;
- Offering digital and mobile products to clients to reduce paper usage as well as fossil fuel emissions by eliminating the need for clients to travel to our banking offices for routine needs;
- Instituting paperless processes to minimize our paper usage; and
- Engaging in green lending activities, including providing funding for energy efficiency transactions, water or wastewater treatment transactions, and brownfield improvements.

### *Community Initiatives*

Community service and engagement is at the core of our commitment to corporate social responsibility. To this end, there are many activities in which the Bank’s management, Board, and colleagues are engaged. The Bank’s community initiatives include:

- Educating young students through the Bank-sponsored customized college access and advising program, Signature Scholars;
- Providing complimentary Volunteer Income Tax Preparation services for Low-Moderate Income (“LMI”) individuals;
- Offering investment workshops through the Bank’s First Time Investors Program, in which our colleagues educate LMI individuals and/or veterans on money management and prudent ways of investing;
- Promoting financial literacy through donating time and resources to various nonprofits and other organizations that teach New York metropolitan area LMI children, teenagers, and young adults financial management skills;
- Providing community development grants and investments through our Community Reinvestment Act initiatives, which support local areas and affordable housing in the communities we serve; and
- Supporting multifamily real estate financing to help preserve New York City’s affordable housing stock.

## Board Diversity

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Inclusion and diversity remain key priorities for the Board. The diverse backgrounds, skills and experiences of the Board enable us to provide strong guidance to the Bank in these key areas, as well as in our oversight of strategy and risks. We believe that a diverse Board, management team and workforce that is reflective of our diverse client base position us to better understand clients’ wants and needs, which we believe drives our ability to deliver superior client value and successfully innovate. Diverse perspectives in the boardroom also allow us to evaluate issues through different experiences and perspectives and help us to guide the Bank in a thoughtful way.



## Consideration of Director Nominees

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### *Shareholder Nominees*

The Nominating Committee will consider shareholder nominations of candidates for membership to the Board that are properly and timely submitted as described below under “*Identifying and Evaluating Nominees for Directors*.” In evaluating such nominations, the Nominating Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth under “Director Qualifications” below. Any shareholder nominations proposed for consideration by the Nominating Committee should include the nominee’s name and qualifications for Board membership and should be addressed to:

Corporate Secretary  
Signature Bank  
565 Fifth Avenue  
New York, NY 10017

In addition, the By-laws of the Bank permit shareholders to nominate directors for consideration at an annual shareholders meeting.

Our By-Laws also permit a stockholder, or a group of up to 20 stockholders, that owns 3% or more of the Bank’s common stock continuously for at least three years to nominate and include in the Bank’s proxy materials candidates for election as directors. Such stockholder(s) or group(s) of stockholders may nominate up to the greater of two individuals or 25% of the Board, provided that the stockholder(s) and the nominee(s) satisfy the eligibility, notice and other requirements specified in the By-Laws.

For a description of the process for nominating directors or other shareholder proposals in accordance with the Bank’s By-laws, see “Other Matters – Shareholder Proposals” in this Proxy Statement.

### *Identifying and Evaluating Nominees for Directors*

The Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Nominating Committee from time to time assesses the appropriate size of the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Nominating Committee considers various potential candidates for director. Candidates may come to the attention of the Nominating Committee through current Board members, professional search firms, shareholders or other persons. These candidates are evaluated at meetings of the Board and may be considered at any point during the year. As described above, the Nominating Committee considers properly submitted shareholder nominations as candidates for the Board. Following verification of the shareholder status of persons proposing candidates, properly submitted recommendations will be aggregated and considered by the Nominating Committee at a meeting prior to the issuance of the proxy statement for the Bank’s annual meeting. If any materials are provided by a shareholder in connection with the nomination of a director candidate, such materials will be forwarded to the Nominating Committee. The Nominating Committee also reviews materials provided by professional search firms or others in connection with a nominee who is not proposed by a shareholder. In evaluating such nominations, the Nominating Committee seeks to achieve a balance of knowledge, experience and capability on the Board.

### *Director Qualifications*

The Nominating Committee uses a number of criteria to determine the qualification of a director nominee for the Board. The minimum criteria used by the Nominating Committee consist of the following:

- Directors should be of the highest ethical character and share the mission, vision and values of the Bank;
- Directors should have reputations, both personal and professional, consistent with the image and reputation of the Bank;
- Directors should be highly accomplished in their respective fields, with superior credentials and recognition;
- Each director should know how to read and understand fundamental financial statements and understand the use of financial ratios and information in evaluating the financial performance of the Bank;
- Each director should have sufficient time, energy and attention to ensure the diligent performance of his or her duties;
- Each director should have relevant expertise and experience, and be able to offer advice and guidance to the Executive Chairman and the Chief Executive Officer based on that expertise and experience; and
- Each director should have the ability to exercise sound business judgment.

The Nominating Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Examining Committee and industry expertise and the evaluations of other prospective nominees. After completing the interview and evaluation process that the Nominating Committee deems appropriate, it makes a recommendation to the full Board as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and the report of the Nominating Committee.

### **Communications with the Board of Directors**

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The Board has adopted a policy regarding shareholder access to the Board to ensure that shareholders may communicate directly with the Board. All written communications should be directed to the Bank's Corporate Secretary at: Corporate Secretary, Signature Bank, 565 Fifth Avenue, New York, NY 10017 and should prominently indicate on the outside of the envelope that it is intended for one of the following: the Board, the Examining Committee, the Risk Committee, the Compensation Committee, the Credit Committee or the Nominating Committee. Each written communication intended for the Board or one of the committees and received by the Corporate Secretary will be forwarded to the specified party following its clearance through normal security procedures. The written communication will not be opened, but rather will be forwarded unopened to the intended recipient.

### **Codes of Ethics**

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We believe that each of our employees and directors should maintain high ethical standards. We have adopted our Code of Business Conduct and Ethics applicable to our employees and directors and our Code of Ethics for the Principal Executive Officer and Senior Financial Officers. The Bank's Code of Business Conduct and Ethics was amended in January 2006 to include the engagement of a third-party, NAVEX Global (formerly, Global Compliance Services), to provide employees an independent mechanism for the confidential, anonymous submission of concerns regarding questionable accounting, operational or auditing matters or any other questionable activity or matter. Our whistleblower program operates a 24-hour manned toll-free hotline.

These codes are available on our website ([www.signatureny.com](http://www.signatureny.com)) under "Investor Relations," and in print upon any written request by a shareholder. The Bank intends to post at this location on its website any amendments to or material waivers from the provisions of these codes.

## DIRECTORS AND NOMINEES

The following table sets forth information regarding our directors and nominees:

Name	Age	Term Ending	Position
<b>Nominees for Election</b>			
Joseph J. DePaolo	60	2020	Co-Founder, President and Chief Executive Officer and Director
Barney Frank	79	2020	Director
Scott A. Shay	62	2020	Co-Founder and Chairman of the Board
<b>Directors Continuing in Office</b>			
Kathryn A. Byrne	54	2021	Lead Director
Alfonse M. D'Amato	82	2021	Director
Jeffrey W. Meshel	62	2021	Director
Derrick D. Cephas	68	2022	Director
Judith A. Huntington	56	2022	Director
John Tamberlane	78	2022	Co-Founder, Vice-Chairman and Director

In addition to the specific professional experience of each director, we chose our directors because they are highly accomplished in their respective fields, insightful and inquisitive. In addition, we believe each of our directors possesses sound business judgment and is highly ethical. While we do not have a formal diversity policy, consistent with our Nominating Committee Charter, we consider a wide range of factors in determining the composition of our Board, including professional experience, skills, education and training, and seek to ensure that our Board represents the communities that we serve.

### Director Nominees



#### **Joseph J. DePaolo**

**Position:** Co-Founder, President and Chief Executive Officer and Director

**Director Since:** 2001

**Age:** 60

**Committees:** Credit; Risk

Joseph J. DePaolo is a co-founder of the Bank and has been President and Chief Executive Officer and a Director of the Bank since its inception. He has also served as a Director of Signature Securities Group since its inception and served as its Chairman of the Board of Directors until December 2006. Prior to joining the Bank, Mr. DePaolo was a Managing Director and member of the Senior Management Committee of the Consumer Financial Services Division at Republic National Bank, which he joined in 1988. At Republic National Bank, Mr. DePaolo held numerous positions including First Vice President and Deputy Auditor, First Vice President and Senior Vice President of Consumer Banking, Managing Director, Chairman of Republic Financial Services Corporation (Republic National Bank's retail broker-dealer group) and Chairman of Republic Insurance Agency (Republic National Bank's retail insurance agency). Prior to joining Republic National Bank, Mr. DePaolo was a senior audit manager with KPMG Peat Marwick. Mr. DePaolo is a member of the New York State Society of CPAs. Mr. DePaolo's experience in commercial banking and his role as our President and Chief Executive Officer led the Board to conclude that he should be a member of our Board.



#### **Barney Frank**

**Position:** Director

**Director Since:** 2015

**Age:** 79

**Committees:** Risk

Barney Frank has been a member of the Board since June 2015. Mr. Frank served as a U.S. Congressman representing the 4th District of Massachusetts from 1981-2013 and also was the Chairman of the House Financial Services Committee from 2007-2011. As Chair of the House Financial Services Committee, Mr. Frank was instrumental in crafting the short-term \$550 billion rescue plan in response to the nation's 2008-2009 financial crisis. Later, he co-sponsored the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was signed into law in July 2010.

Prior to serving in Congress, Mr. Frank spent eight years as a state Representative in Massachusetts and, earlier, served as Chief of Staff to Congressman Michael Harrington and Chief Assistant to Mayor Kevin White of Boston. Mr. Frank's extensive experience as a Congressman, and particularly as Chair of the House Financial Services Committee, led the Board to conclude that he should be a member of the Board.



### **Scott A. Shay**

**Position:** Co-Founder and Chairman of the Board

**Director Since:** 2001

**Age:** 62

**Committees:** Credit (Chair); Risk (Chair)

Scott A. Shay is a co-founder of the Bank and has served as Chairman of the Board since its inception. He has also served as a Director of Signature Securities Group since its inception and as Chairman of the Board of Directors since December 2006. Since 1980, Mr. Shay has been involved in the investment banking and venture capital industries. Mr. Shay has been Managing Director/Partner of Ranieri Strategies LLC and its predecessors ("Ranieri") and a partner of Hyperion Partners since 1988. Mr. Shay serves as an officer or director of other direct and indirect subsidiaries of Ranieri and related entities. Prior to joining Ranieri/Hyperion Partners, he served as a director and a senior member of the mergers and acquisitions department of Salomon Brothers, Inc. From October 1997 until August 2005, Mr. Shay served as a director of Bank Hapoalim BM, our former parent company. From December 1988 until February 2001, Mr. Shay served as a director of Bank United Corp., Texas and was a member of its audit committee for six years. Mr. Shay's experience in investment and commercial banking led the Board to conclude that he should be a member of our Board.

## **Directors Continuing in Office**

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### **Kathryn A. Byrne, CFA**

**Position:** Lead Independent Director

**Director Since:** 2005

**Age:** 54

**Committees:** Examining; Nominating

Kathryn A. Byrne, CPA, has been a member of the Board since December 2005. She is a partner in the manufacturing and distribution group at the accounting and consulting firm Mazars USA LLP. Ms. Byrne has provided accounting, auditing, tax and consulting services to domestic and foreign corporations across various industries for more than 30 years. Ms. Byrne's experience in the accounting profession, and, in particular, her experience auditing public companies, led the Board to conclude that she should be a member of our Board.



### **Derrick D. Cephas**

**Position:** Director

**Director Since:** 2016

**Age:** 68

**Committees:** Credit; Examining; Risk

Derrick D. Cephas has been a member of the Board since April 2016. He is a partner at Weil, Gotshal & Manges LLP, an international full service law firm headquartered in New York City. Mr. Cephas has broad-based experience in representing commercial banks, thrift institutions, bank holding companies and foreign banking corporations in a wide range of regulatory and transactional matters. Prior to joining Weil, Mr. Cephas served as President and Chief Executive Officer of Amalgamated Bank, then a \$4.5 billion commercial bank headquartered in New York City. Previously, he was a banking and corporate law partner in the New York office of Cadwalader, Wickersham & Taft. Prior to Cadwalader, Mr. Cephas served as the Superintendent of Banks for the State of New York from 1991 to 1994. He is a former member of the Board of Directors of the Dime Savings Bank of New York, Merrill Lynch International Bank and D.E. Shaw & Co. Inc. He is currently a Director of the Fresh Air Fund. He is a former member of the Board of Directors of the Empire State

Development Corporation, the New York City Board of Correction and the New York City Housing Authority. He is also a former member of the Board of Advisors for The Mayor's Fund to Advance New York City. Mr. Cephas' significant experience in public policy matters relating to the banking industry led the Board to conclude that he should be a member of our Board.



### **Alfonse M. D'Amato**

**Position:** Director

**Director Since:** 2005

**Age:** 82

**Committees:** Compensation (Chair); Nominating (Chair)

Alfonse M. D'Amato has been a member of the Board since July 2005. Senator D'Amato is the Managing Director of Park Strategies LLC, the Manhattan and Washington, D.C.-based business consulting firm he started in 1999. Senator D'Amato served as a United States Senator for New York for 18 years, from 1981 to 1999, during which time he served as Chairman of the Senate Committee on Banking, Housing and Urban Affairs and as a member of the Senate Finance Committee. Mr. D'Amato's experience in government and as a public company director led the Board to conclude that he should be a member of our Board.



### **Judith A. Huntington**

**Position:** Director

**Director Since:** 2013

**Age:** 56

**Committees:** Risk; Examining (Chair); Compensation

Judith A. Huntington has been an independent director of the Bank since April 2013. She currently serves as Chair of the Examining Committee and is a member of the Bank's Risk Committee and Compensation Committee. Ms. Huntington is President of Pegasus Financial Concierge LLC, offering individual tax preparation and personal financial management services. Ms. Huntington's professional experience includes more than 30 years in the financial arena. For 15 years, Ms. Huntington served as the president and previously vice president for financial affairs of a small, private, liberal arts college in New York. Prior to that, Ms. Huntington worked as a certified public accountant for 15 years with KPMG LLP as audit senior manager in KPMG's metro New York office, providing assurance services to a multitude of clients in the firm's banking, manufacturing and not-for-profit practices. While at KPMG, she was an instructor in the firm's professional educational programs, recruitment program, and participated in the firm's peer review process. In a firm-sponsored fellowship, she participated in a two-year rotation with the Financial Accounting Standards Board (FASB) where she worked to develop and publish accounting standards. Ms. Huntington is a member of the Board of Directors and Site Administrator of the Volunteer Income Tax Assistance Program (VITA) of Danbury, Connecticut, an IRS sponsored organization offering free tax preparation for low-income individuals. In addition, she is a member of the Board of Directors of the Newtown Bridle Land Association, an open space, land preservation trust. Ms. Huntington was named to the Women Inc.'s 2019 Most Influential Corporate Directors List and was inducted into the Business Council of Westchester's Hall of Fame, receiving the Women in Business Award. She is the recipient of the Apex Advocacy Award from the Westchester County Association for her participation on the Association's Property Tax Alliance. Ms. Huntington's experience in the financial services sector led the Board to conclude that she should be a member of our Board.



## **Jeffrey W. Meshel**

**Position:** Director

**Director Since:** 2005

**Age:** 62

**Committees:** Credit; Compensation

Jeffrey W. Meshel has been a member of the Board since September 2005. Mr. Meshel has over 30 years of experience in acquisition, management, and lending on residential and commercial real estate. He is also the co-founder of Paradigm Capital Group and Paradigm Properties. Paradigm Capital Group is a fully integrated real estate mortgage investment company. Paradigm Properties is a fully integrated real estate holding company that owns, operates and manages its own portfolio. Mr. Meshel is also the founder/chairman of The Strategic Forum. Mr. Meshel's experience in lending and credit led the Board to conclude that he should be a member of our Board.



## **John Tamberlane**

**Position:** Co-Founder, Vice-Chairman and Director

**Director Since:** 2001

**Age:** 78

**Committees:** Credit; Risk

John Tamberlane is a co-founder of the Bank and has been Vice-Chairman and Director of the Bank since its inception, as well as a Director of Signature Securities Group since its inception. Prior to joining the Bank, Mr. Tamberlane was the President of the Consumer Financial Services Division and a Director of Republic National Bank, which he joined in 1980. As President of the Consumer Financial Services Division, Mr. Tamberlane managed the national mortgage banking division, retail broker-dealer division and retail branch network, which grew to the third largest branch network in the New York metropolitan area prior to its acquisition. In this capacity, he was also President of two independent bank subsidiaries of Republic New York Corporation: The Manhattan Savings Bank and its predecessor, The Williamsburgh Savings Bank. Mr. Tamberlane was also a member of the Asset/Liability Management Committee of Republic National Bank. Prior to joining Republic National Bank, he was employed with Bankers Trust. Mr. Tamberlane's experience in commercial banking led the Board to conclude that he should be a member of our Board.

## EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers:

Name	Age	Position
Scott A. Shay	62	Co-Founder, Chairman of the Board
Joseph J. DePaolo	60	Co-Founder, President and Chief Executive Officer, Director
John Tamberlane	78	Co-Founder, Vice-Chairman, Director
Mark T. Sigona	58	Executive Vice President and Chief Operating Officer
Thomas Kasulka	58	Executive Vice President and Chief Lending Officer
Brian Twomey	61	Senior Vice President and Chief Credit Officer
Eric R. Howell	49	Executive Vice President-Corporate & Business Development
Peter S. Quinlan	53	Executive Vice President and Treasurer
Vito Susca	51	Executive Vice President and Chief Financial Officer

For the background information regarding Scott A. Shay, Joseph J. DePaolo and John Tamberlane, see “Directors and Nominees,” above.

**Eric R. Howell** has held the position of Executive Vice President-Corporate & Business Development since May 2013. Prior to this post, Mr. Howell served as Executive Vice President and Chief Financial Officer from 2009 and Senior Vice President and Chief Financial Officer from 2004. Prior to this appointment, he had been serving as Vice President of Finance and Controller for the Bank from when he joined the Bank in 2000. Prior to joining the Bank, Mr. Howell was Controller at BlueStone Capital Partners, L.P. and its Trade.com division. Mr. Howell also was an Associate Managing Director at Republic National Bank, which he joined in 1992. Mr. Howell also held numerous other positions while at Republic National Bank, including Chief Financial Officer of Republic Financial Services Corporation (Republic National Bank’s retail broker-dealer group) and Republic Insurance Agency (Republic National Bank’s retail insurance agency).

**Thomas Kasulka** serves as Executive Vice President and Chief Lending Officer at the Bank, where he is responsible for coordinating the institution’s lending activities. Mr. Kasulka is a seasoned finance veteran with more than 30 years of middle market and corporate banking experience. He joined the Bank in 2004 as a Group Director and Senior Vice President, building one of its most successful private client banking groups. In November 2017, he was promoted to his current position. Prior to joining the Bank, Mr. Kasulka was Executive Vice President and Division Head at Fleet Bank, directing the New York Corporate and Middle Market Banking Group and the Apparel and Textile Groups.

**Peter S. Quinlan** serves as Treasurer and Executive Vice President of the Bank, a role to which he was promoted in February 2011. Prior to this post, he served as Treasurer and Senior Vice President of the Bank from November 2006. In this capacity, he manages the investment portfolio, interest rate risk and liquidity management functions of the institution. Prior to this appointment, he had been serving as Treasurer of the Bank. He also serves as the Chairman of the Bank’s Asset Liability Management Committee. Prior to joining the Bank, he was a divisional Chief Financial Officer of Bank Hapoalim, which he joined in September 2000. He also previously served as the Treasurer of Clarity Holdings and Clarity Bank as well as the Controller of First Trade Union Bank. Mr. Quinlan began his banking career with the Office of the Comptroller of the Currency (OCC) as an Associate National Bank Examiner.

**Mark T. Sigona** is Executive Vice President and Chief Operating Officer of the Bank, a role to which he was appointed in November 2004. Prior to this appointment, he had been serving as Senior Vice President and Chief Financial Officer, a role he held since the Bank’s inception. Prior to joining the Bank, Mr. Sigona was a Senior Vice President and head of the Accounting Services Division of the Finance Group at Republic National Bank, which he joined in March 1989. At Republic National Bank, Mr. Sigona held numerous positions, including First Vice President of the Finance Division and Internal Audit Manager. Prior to joining Republic National Bank, Mr. Sigona was a supervising senior accountant at KPMG Peat Marwick.



**Vito Susca** serves as Executive Vice President and Chief Financial Officer of the Bank, managing the Bank's finance, accounting and tax functions, a role he was promoted to in October 2017. Prior to this post, he served as Senior Vice President and Chief Financial Officer since May 2013. Mr. Susca joined the Bank in March 2004 and has served as Senior Vice President and Controller. Before joining the Bank, he held various positions at Republic National Bank of New York, which he joined in 1991, and then HSBC Bank USA/HSBC Securities Inc. following the acquisition of Republic by HSBC. Roles Mr. Susca held include Vice President and Deputy Controller in the Derivative Products Group and Vice President in the Global Trading Operations Financial Control Group. He was also First Vice President and Deputy Manager in Treasury Finance for HSBC Bank USA/HSBC Securities Inc. Mr. Susca is a member of the American Institute of Certified Public Accountants and the New York State Society of CPAs.

**Brian Twomey** serves as Senior Vice President and Chief Credit Officer at the Bank. In this capacity, he oversees the Bank's credit-related policies, loan quality and approval functions. Mr. Twomey brings 35 years of banking experience to his position at the Bank. Mr. Twomey joined the Bank in 2007 and previously held several roles, including Director of Risk Management and Director of Credit Risk before being promoted to Chief Credit Officer in November 2017. Prior to joining the Bank, Mr. Twomey was a Credit Team Leader at Morgan Stanley in its nationwide business lending area. At Dime/WaMu, he was the Deputy Chief Credit Officer for C&I Lending in the Northeast and Chicago as well as a Workout Officer.



## EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

This Compensation Discussion and Analysis (“CD&A”) describes the principles, policies and practices that informed our executive compensation program for our 2019 named executive officers (“NEOs”) listed below, three of whom are founders of the Bank who have driven our long-term growth and stability for over 20 years.

Joseph J. DePaolo CEO, President	Scott A. Shay Executive Chairman of the Board	John Tamberlane Vice-Chairman	Mark T. Sigona Executive Vice President & Chief Operating Officer (COO)	Vito Susca Executive Vice President & CFO
Founders of Signature Bank				

Our compensation program is structured to reflect our evolutionary and entrepreneurial business strategy and organizational structure. Our goal is to deliver long-term value to our shareholders through an innovative business and operational model that is different than a traditional bank. Our success and significant growth reflect the vision of our three founder NEOs who built a company of veteran bankers who provide distinctive client-centric service. Our compensation program is designed to reward our executives for delivering a stable income stream and long-term value to our shareholders, while balancing our focus on prudent risk-taking that ensures the safety and soundness of the Bank.

This CD&A is intended to provide our shareholders with an understanding of how our executive compensation decisions are designed to align with our business strategy, performance and the long-term interests of our shareholders. The remainder of this section discusses, in detail, our NEO compensation programs for 2019 and the significant changes made following our 2019 shareholder meeting and investor feedback.

### Roadmap to CD&A

Below we provide a guide to our CD&A, including topics and page numbers.

<b>Business Performance Highlights</b>	<ul style="list-style-type: none"> <li>Our Distinctive and Evolving Business Model</li> <li>Strong Long-Term Growth and Performance</li> <li>2019 Bank Performance Results</li> </ul>	Page 24
<b>Responding to Our Shareholders</b>	<ul style="list-style-type: none"> <li>Say-on-Pay Vote Results</li> <li>Formalized Intensive Shareholder Engagement Process</li> <li>What We Heard from Shareholders &amp; What We Did to Respond</li> <li>Additional Changes Beyond Shareholder Feedback</li> <li>Timeline of Compensation Changes</li> </ul>	Page 27
<b>Compensation Program Decision Inputs</b>	<ul style="list-style-type: none"> <li>Compensation Philosophy and Pay Mix</li> <li>Performance Metric Selection</li> <li>Pay Decision Factors</li> <li>Compensation Committee Process</li> <li>Compensation Peer Group</li> <li>Management Role</li> <li>Compensation Consultant Role</li> </ul>	Page 31
<b>Compensation Program &amp; Pay Decisions</b> <i>(2019 Pay Decisions and 2020 Program Design)</i>	<ul style="list-style-type: none"> <li>Base Salary</li> <li>Annual Incentive Compensation</li> <li>Long-Term Incentive Compensation</li> <li>CEO Pay 2018-2020</li> <li>Executive Benefits and Perquisites</li> <li>Executive Severance &amp; Change in Control Arrangements</li> </ul>	Page 35
<b>Best Practice Policies and Pay Practices</b>	<ul style="list-style-type: none"> <li>Risk Assessment of Compensation Programs</li> <li>Stock Ownership Guidelines and Holding Requirements</li> <li>Clawback Policy</li> <li>Anti-Hedging Policy</li> <li>Tax and Accounting Considerations</li> </ul>	Page 42

## BUSINESS PERFORMANCE HIGHLIGHTS

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### Our Distinctive and Evolving Business Model

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The Bank has grown to become one of the 50 largest banks in the U.S. according to S&P Global Market Intelligence. We are a full-service commercial bank with 31 private client offices located throughout the New York metropolitan area, Connecticut, and with expansion in 2019 to San Francisco. We offer a wide variety of business and personal banking products and services to clients across the country. During 2019, we started a new Venture Banking Group and a new Specialized Mortgage Servicing Team. We were also the first FDIC insured bank to launch an innovative digital payments platform called Signet™. Since our formation in September 2000, and through our initial public offering (IPO) in March 2004, we have emerged as a leader in the banking industry. Our success is a reflection of the vision of our three key founders – our Chairman, Scott A. Shay, our President and Chief Executive Officer, Joseph J. DePaolo, and our Vice-Chairman, John Tamberlane – who conceived the idea for the Bank after identifying a large void in the marketplace. They believed mega banks were overlooking and under serving an important market niche – for privately owned businesses and their owners. The Bank continues to target and successfully address the needs of this market better than most of its competitors as evidenced by its proven track record and noteworthy financial performance. Our executives' commitment to the Bank and our long-term clients is key to our past, present and future success.

We take an innovative approach to banking balanced by our goal to provide highly personalized client service through our single point of contact model. Unlike other commercial banks, all of our growth has been achieved organically, through expansion of our services; we have not made any acquisitions since our inception. Our core business strategy, which is focused on garnering core deposits rather than loans, is what sets us apart from our peers and is what we believe directly creates value for our investors. As a result of this business model, the Bank did not experience significant losses during the financial crisis of 2008. We believe our depositor-safety first and sleep-at-night approach reinforces our culture of prudent risk management.

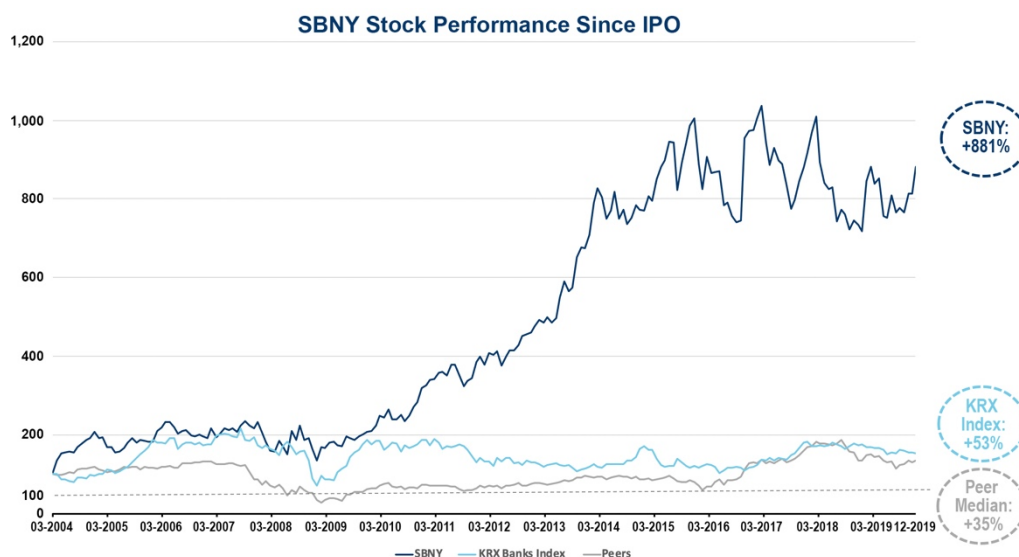


### Strong Long-Term Growth and Performance – Organic Growth from \$50 Million to \$50 Billion

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Our firm business commitments and long-term view of performance and growth is a key part of our culture, business strategy and compensation approach. On December 31, 2019, our shares closed at \$136.61, reflecting a 781% (or 14.82% compound annual growth rate “CAGR”) increase from our \$15.50 share price at our initial public offering in March 2004. Since our IPO, the Bank has grown over 2,000% (or 22% CAGR) in deposits and assets and delivered 1742% or 20% CAGR in equity capital. As of December 31, 2019, we had a market capitalization of approximately \$7.3 billion. We have stayed consistent with our core business focusing on deposit growth and healthy capital, which allowed us to thrive against our peers, including during the Great Recession and its aftermath.

The graph below shows our long-term shareholder value has exceeded our compensation peers (which are described below under “*Compensation Peer Group*”) and the KRX Bank Index:



While we experienced stock underperformance during 2016 to 2018, this was due in part to the temporary impact of two factors:

- The Bank experienced taxi medallion loan write-offs due to the falling values of taxi medallions, impacted by the entrance of rideshare applications such as Uber and Lyft. This issue has been predominantly addressed and current exposure is minimal.
- The Bank was negatively affected by the reissuance of Joint Regulatory guidance in regard to commercial real estate (CRE) concentrations. The result of this heightened regulatory scrutiny led to an overhang in bank stocks with heavy CRE exposure, including the Bank. However, the regulatory change did not impact our ability to conduct business in the CRE marketplace and the overhang on our stock price was uncorrelated to the Bank's actual financial performance with regards to its CRE operations.

We have since reduced our taxi medallion exposure and decreased our CRE concentration level in relation to capital from a peak of 593% to approximately 480% over the last three years. Concurrently, we have expanded our business through innovative and leading services in our Fund Banking Division and Venture Banking Group. As a result, our 2019 performance has rebounded significantly, as further discussed in the next section.

Our long-term growth has been, in large part, a reflection of our ability to attract high quality, experienced private client bankers and deliver superior service to our clients. Our executive team has a dedicated focus on attracting the best industry talent and our staffing model has been predicated on a commitment to attract veteran bankers from some of the largest financial institutions, including many of the nation's top money center banks. As a result, our success depends to a significant extent upon the retention and performance of our founders and key bankers that provide continuity of our culture and vision.

Another key element of our business model is our flat and entrepreneurial organizational structure, where our group directors have accountability for their business success and our clients have direct access to top executives. Our top executives have relationships with most of our large depositors.

Our success in becoming a full-service commercial bank providing large-bank experience and capability with small-bank responsiveness is illustrated by the following 2018 statistics. Compared to our peers, the Bank rated among the highest performers in creating more revenue and net income per employee:

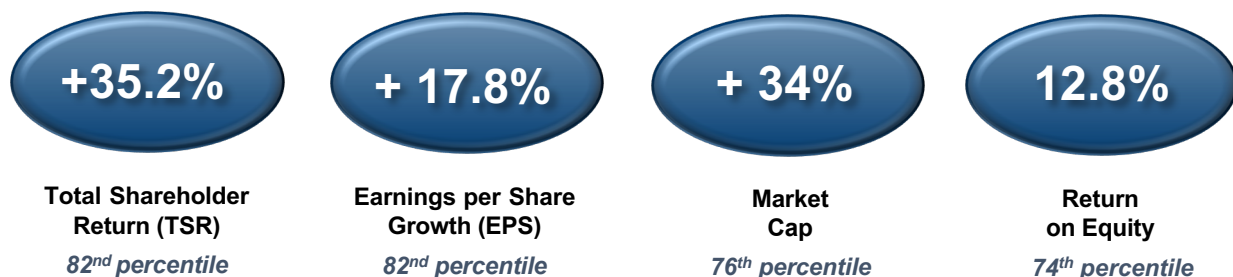


We believe our distinctive business model and organizational structure allows us to provide high quality client service, retain our key employees and ultimately deliver long-term sustainable value to our shareholders, many of whom are our employees. The Bank provides equity to 100% of our group directors responsible for client contact which serves as reward and retention tool for our top performing bankers. These factors go to the core of our business success and translate into long-term sustainable value for our investors.

## 2019 Performance Results

**Our 2019 performance with respect to key financial metrics ranked among the highest of our compensation peers**

In 2019, our Total Shareholder Return increased to +35.2%, we increased our Earnings Per Share 17.8% and our Return On Equity was 12.8% while increasing deposits by \$4 billion. All of these shareholder-aligned metrics ranked at or above the 74<sup>th</sup> percentile of our compensation peer group for 2019. Below are highlights of our strong performance and accomplishments achieved between 12/31/18 to 12/31/19:



**Our strong performance in 2019 is a direct result of several notable strategic achievements. We launched a number of new and innovative businesses:**

- We became the **first FDIC-insured bank to launch a blockchain-based digital payments platform**, Signet™, allowing our commercial clients to transact in a real-time and transparent manner. Signet is the first such platform to be approved for use by the New York State Department of Financial Services.
- We **launched a new Fund Banking Division and Venture Banking Group** to focus on serving venture capital firms and the portfolio companies in which they invest.
- We **opened our first full-service private client banking office in downtown San Francisco**, expanding our presence beyond metropolitan New York.
- We **added a Specialized Mortgage Servicing Banking Team and hired experienced talent** to manage these new capabilities which are continuing to expand.

***Our strategic successes, in combination with strong operational performance, contributed to our exceptional shareholder return, EPS growth and ROE, which all ranked above the 74<sup>th</sup> percentile of our compensation peer group.***

Below we summarize other financial results and notable recognitions:

<b>Financial Performance and Operational Results</b>	<ul style="list-style-type: none"><li>▪ Increased net income by 17% from 2018</li><li>▪ Strong return on average assets of 1.2%, ranked at the 59th percentile compared to our compensation peers</li><li>▪ Low expenses, evidenced by an efficiency ratio of 39.5%, ranked as the highest performer compared to our peers</li><li>▪ Deposit growth of 11% ranked at the 53rd percentile compared to our compensation peers</li><li>▪ Increased loans by 7%, while simultaneously executing our strategy to reduce commercial real estate loans (-3.9%); increased commercial &amp; industrial loans 48.7%</li><li>▪ Strong credit quality with non-performing asset ratio of 0.2% and net charge-off/average loans of 0.01%, 88th percentile compared to peers</li><li>▪ Successfully issued \$200 million in subordinated debt in a public offering on November 1, 2019</li></ul>
<b>Return of Capital to Shareholders</b>	<ul style="list-style-type: none"><li>▪ Continued to implement share repurchase and cash dividend programs in 2019</li><li>▪ Returned approximately \$300+ million in capital to shareholders in 2019</li><li>▪ Provided quarterly cash dividend of \$0.56 per share, representing \$2.24 per share on an annualized basis</li></ul>

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**Notable  
Recognitions**

- For the 9th consecutive year, ranked on Forbes' Best Banks in America list
  - Ranked #1 in the Business Bank, Private Bank and Attorney Escrow Services categories of the New York Law Journal's "Best of" 10th Annual Survey of the New York legal community. 2019 also marks the 10th consecutive year in which the Bank earned a top three position in one or more of those same categories. Additionally, for the second consecutive year, the Bank earned a place in the New York Law Journal's Hall of Fame
  - Ranked 2nd nationally in the Business Bank, Private Banking Services and Attorney Escrow Service categories of the National Law Journal's 2019 "Best of" Survey
  - For the past five years the Bank has been the recipient of the "Outstanding Culture of Well-Being Award," Cigna's top award
  - Bestowed with a "W" Winning Company Award for 2019 and 2020 for its Board Diversity from Women on Boards
  - Our CEO and investor relations program has ranked within the top three positions for three years consecutively (2016-2018) within the Banks/Midcap sector by Institutional Investor magazine in its annual All-America Executive Team Rankings
  - Our CEO was named by Institutional Investors as best CEO for three years straight (2016-2018)
  - Earned Best Commercial Bank of the Year, a U.S. award from International Banker in their International Banker 2017 North and South American Awards Program
  - Received two gold Stevie Awards® in The 15th Annual American Business Awards for 2017: Company of the Year in both Banking and Financial Services-Large categories
  - Awarded Silver Winner in 2018 Health at Work Awards by ComPsych
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## **RESPONDING TO OUR SHAREHOLDERS**

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### **Say-on-Pay Vote Results**

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In 2019, we did not obtain majority shareholder support in the advisory vote on our 2018 NEO executive compensation programs where shareholders representing 38.26% of our shares voted in favor of the proposal. This result, and the votes in 2017 and 2018 of less than 70% support followed six straight years of support greater than 93%. Prior to last year's vote, we had implemented several changes to our 2018 executive compensation program. However, we recognize our efforts fell short. The most recent vote results sent a strong and unequivocal message to the Board that formidable action was necessary to address shareholder concerns and restore shareholder confidence in our executive compensation program.

In response, we took immediate action:

- The Board appointed a Special Committee of Independent Board members including directors from the Compensation Committee, Risk Committee, Examining Committee and the Lead Independent Director (the "Special Committee") to engage directly with shareholders and address the concerns raised by the vote.
- The Compensation Committee retained a new independent compensation consultant.
- The Special Committee hired a proxy advisory firm to facilitate a robust shareholder outreach process to provide shareholders the opportunity to individually and directly engage with the Special Committee.
- The Special Committee solicited feedback from our top 30 shareholders holding approximately 70% of our common stock and successfully obtained feedback from the holders of 46% of our outstanding common stock.
- The Special Committee engaged in discussions with two major proxy advisory firms to understand their perspectives on the Bank's programs and best practices in executive compensation programs.

### **Formalized Intensive Shareholder Engagement Process – Led by the Independent Directors**

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Our dialogue with shareholders has been a critical element in the evaluation of our executive compensation program for several years. During the period from June through November, the Special Committee members and, in some cases, senior members of the Bank's management, engaged with shareholders by phone. The Special Committee members provided an open forum to each shareholder to discuss and comment on any aspects of the Bank's executive compensation program. This outreach initiative was designed to assist our Board and Compensation Committee in fully understanding the perspectives of our shareholders, including those that did not support our say-on-pay vote in 2019, with respect to our executive compensation program.

This formalized outreach effort supplemented the ongoing communications between our management and shareholders, as well as the outreach to shareholders prior to, and in connection with, our 2019 annual meeting, through various engagement channels, including direct meetings and road shows. These meetings provided the Compensation Committee and the Board with valuable insights into our shareholders' perspectives on our executive compensation program and potential improvements to the program. The Bank and its independent directors are committed to continuing ongoing shareholder engagement on the Bank's compensation program and other important topics.

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***“THE DIALOGUE WITH THESE GROUPS WAS OPEN, TRANSPARENT AND AUTHENTICALLY PROVIDED THE BASIS FOR CHANGES IN OUR EXECUTIVE COMPENSATION PROGRAM AND GOVERNANCE PRACTICES”***

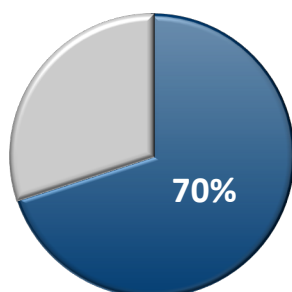
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*Judy Huntington, Board Member and Lead Member of the Special Committee*

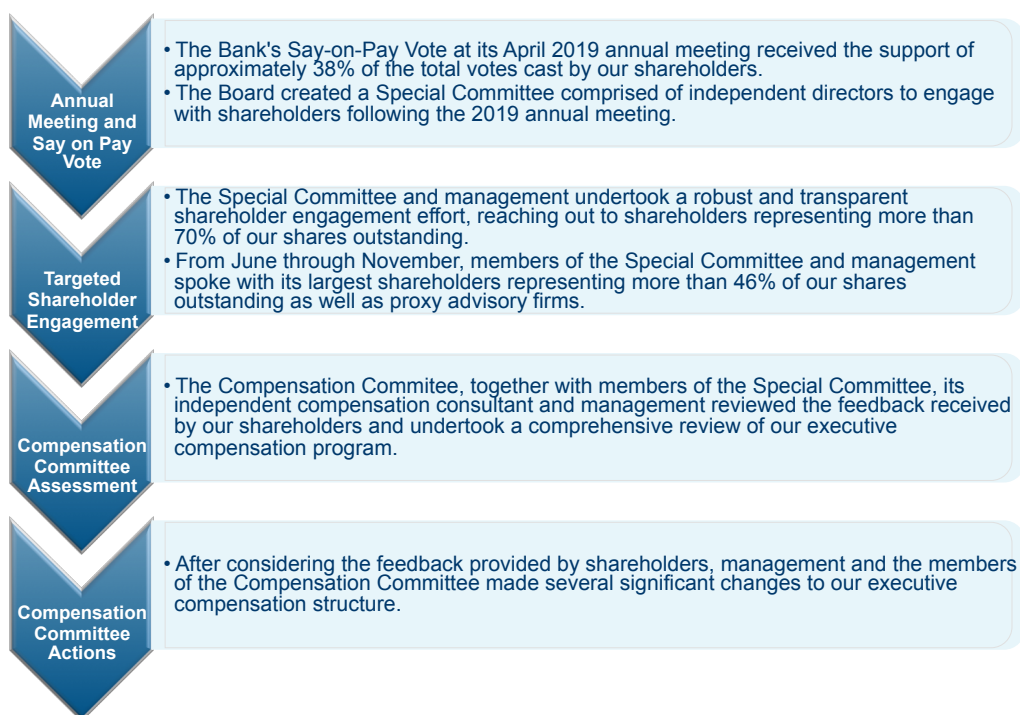
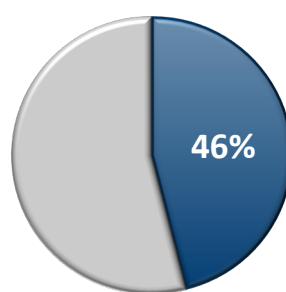
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The following charts summarize the scope of our shareholder outreach process and the process we took in responding to last year's shareholder vote:

**Reached out to shareholders representing 70% of outstanding stock**



**Met with shareholders representing 46% of outstanding stock**



Following the shareholder outreach efforts, the Special Committee, Compensation Committee, together with its independent compensation consultant and our outside legal counsel, collaborated to formulate the best possible responses to shareholders' concerns. Our significant actions in response to shareholder feedback are summarized in the next section.



## What We Heard from Shareholders and What We Did to Respond

The Special Committee engaged in an open and transparent dialogue with our shareholders and, based on their input, we implemented substantial changes to our compensation programs which are summarized in this section. Some changes took effect immediately, some applied retroactively to override prior decisions and others are effective starting in 2020. See *Timeline of Compensation Changes* on the next page for more detail on implementation timing.

WHAT WE HEARD	WHAT WE DID TO RESPOND
BETTER ALIGN PAY AND PERFORMANCE	<ul style="list-style-type: none"> <li>✓ Increased the weighting of the performance-based portion of our 2020 long-term incentive program from 50% to 66%.</li> <li>✓ Reduced our 2020 incentive target opportunities for annual and long-term incentive programs with an average 27% reduction in target total compensation for our NEOs.</li> <li>✓ These actions are in addition to the voluntary reduction by our CEO and Executive Chairman of their 2019 equity awards (granted in January 2019) in consideration of shareholder return.</li> </ul>
INCREASE RIGOR OF PERFORMANCE GOALS	<ul style="list-style-type: none"> <li>✓ Retroactively increased performance targets for ROE and ROA under the 2019 annual incentive plan.</li> <li>✓ For the 2020 performance-based equity awards, set the performance level required to earn target awards for relative performance (ROE and TSR) to require achievement of the 55<sup>th</sup> percentile of an objectively defined industry index to vest awards.</li> </ul>
REVIEW USE OF OVERLAPPING ROE GOAL IN ANNUAL (AIP) AND LONG-TERM INCENTIVE (LTI) PLANS	<ul style="list-style-type: none"> <li>✓ ROE is considered by the Board and our shareholders as a critical performance measure. Our annual incentive program incorporates ROE on an absolute basis amongst several other financial and strategic metrics.</li> <li>✓ Starting in 2020, we changed the ROE goal in our LTI from an absolute (i.e., budget) metric to a relative metric that compares the Bank's performance to a broader and objectively defined industry index. We also added Deposit Growth and a Relative TSR modifier. We believe the use of multiple metrics provides a well balanced approach to evaluating our performance.</li> </ul>
CONSIDER USE OF TSR IN THE LONG-TERM INCENTIVE	<ul style="list-style-type: none"> <li>✓ While shareholder views were mixed on the use of TSR as an incentive metric, the Compensation Committee decided to add a relative TSR modifier to the LTI grants for 2020 to reinforce our commitment to aligning our executives' compensation with shareholder wealth creation.</li> </ul>
INCREASE LENGTH OF LONG-TERM PERFORMANCE PERIOD	<ul style="list-style-type: none"> <li>✓ Changed the practice of vesting performance-based equity awards based on annual performance. Performance-based awards granted in 2020 will cliff vest based on 3-year performance on the metrics described above.</li> </ul>
ELIMINATE PAYMENT OF DIVIDENDS ON UNVESTED SHARES	<ul style="list-style-type: none"> <li>✓ Dividends on unvested awards for both time and performance grants to our executives will be accrued, but not paid until after the awards have vested.</li> </ul>
IMPROVE DISCLOSURE OF THE QUALITATIVE MEASURES IN THE ANNUAL INCENTIVE PLAN	<ul style="list-style-type: none"> <li>✓ Enhanced our CD&amp;A generally and provided increased disclosure of the qualitative factors considered in the annual incentive plans.</li> <li>✓ Implemented a more rigorous process for assessing strategic non-financial goals as part of the Compensation Committee's assessment for determining 34% of the 2019 annual incentive payouts. More defined scorecards will be part of the 2020 annual incentive plan to provide increased rigor and facilitate better disclosure.</li> </ul>
ENHANCE DISCLOSURE ON COMPENSATION PROGRAM AND SHAREHOLDER FEEDBACK	<ul style="list-style-type: none"> <li>✓ Completely redesigned our CD&amp;A to improve disclosure of our compensation program, rationale for pay decisions and shareholder engagement feedback.</li> <li>✓ The Compensation Committee and Lead Director had significant involvement and input on our enhanced CD&amp;A disclosure.</li> </ul>
ADOPT A "CLAWBACK" POLICY	<ul style="list-style-type: none"> <li>✓ The Bank adopted a formal clawback policy effective in 2020.</li> <li>✓ All equity awards include a forfeiture provision for financial restatement, fraud and misconduct.</li> </ul>

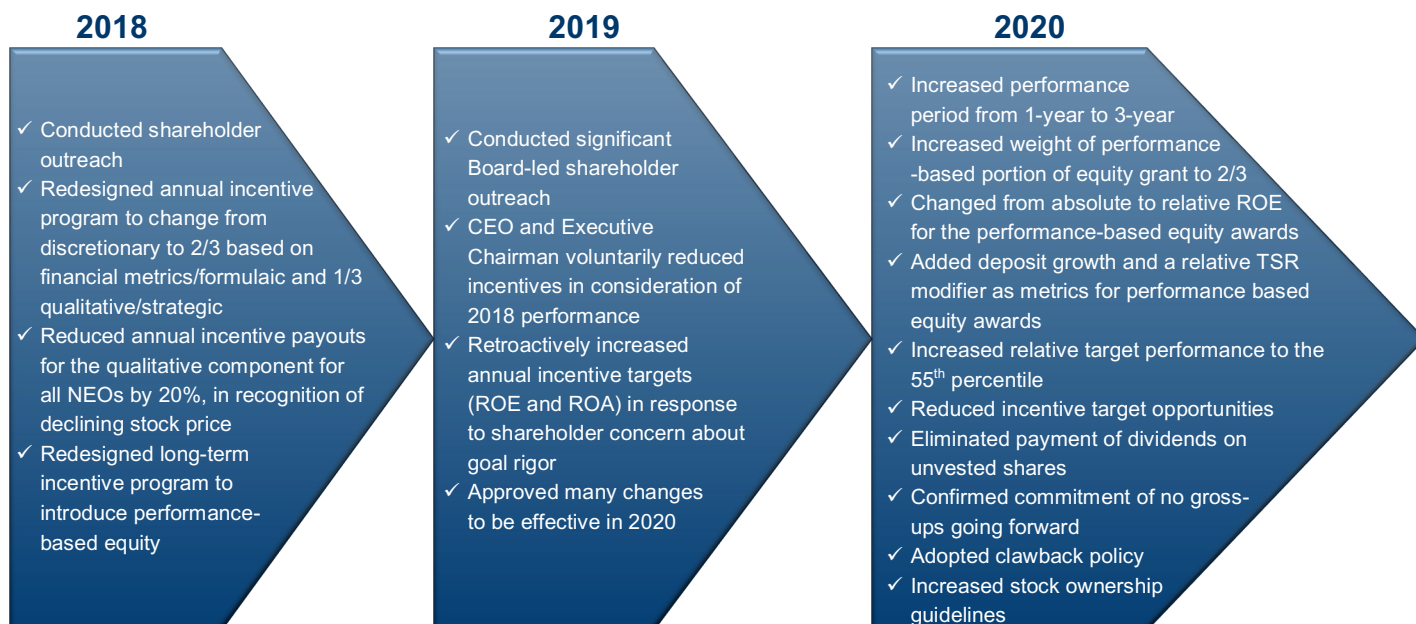
## Additional Changes to Our Compensation Program and Policies Beyond Shareholder Feedback

In an effort to better align with evolving best practices, we also implemented the following additional changes that were not raised by shareholders but considered best practice by the Bank:

FRESH LOOK AT COMPENSATION PRACTICES	<ul style="list-style-type: none"> <li>✓ The Board formed the Special Committee of independent board members to oversee a comprehensive and expansive shareholder outreach process.</li> <li>✓ The Compensation Committee engaged a new independent compensation consultant, Meridian Compensation Partners, LLC ("Meridian"), to facilitate a fresh look at our executive compensation program.</li> <li>✓ Meridian updated the peer group and conducted comprehensive analyses of executive and board compensation including pay levels, program design and pay practices relative to peers and best market practices. We considered the consultant's review in our 2019 pay decisions and 2020 program design.</li> </ul>
PERFORMANCE-BASED AWARDS	<ul style="list-style-type: none"> <li>✓ We increased the weight of performance-based equity awards to 66% of the equity awards (from 50%).</li> </ul>
STOCK OWNERSHIP GUIDELINES AND POLICIES	<ul style="list-style-type: none"> <li>✓ We increased CEO and Chairman stock ownership guidelines to 6x salary (from 5x salary) in order to further align their interests with our shareholders.</li> <li>✓ We continue to require best-practice holding requirement, 50% of shares for two years post-vesting for executives and until retirement for independent directors.</li> </ul>
DIRECTOR COMPENSATION	<ul style="list-style-type: none"> <li>✓ The outside Board members elected to reduce director pay in 2020 by 1,000 shares to send a strong message to shareholders and management of our leadership on compensation issues.</li> </ul>

## Timeline of Compensation Changes

Below is a summary of the timeline of our many changes relating to our executive compensation program illustrating the significant and meaningful changes to our programs and pay practices.



*We will continue to listen and evolve our pay programs based on ongoing shareholder feedback and evolving regulations and best practices*



## COMPENSATION PROGRAM DECISION INPUTS

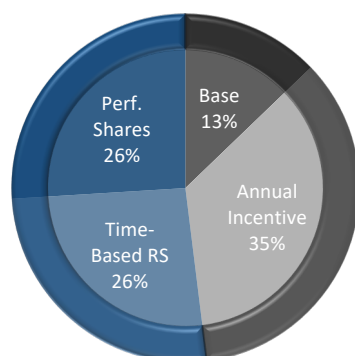
### Compensation Philosophy and Pay Mix

Our compensation program is designed to attract and retain top talent, motivate achievement of our business strategy over the short- and long-term horizon, align executives with shareholders and balance pay decisions with sound risk management practices that ensure the safety and soundness of the Bank. Our 2019 executive compensation program places a significant focus on performance-based compensation (annual cash and long-term equity) which is paid based on achievement of our financial performance (2/3 of annual incentive and 50% of performance-based equity; increasing to 66% for 2020). We believe a meaningful portion of an executive's pay should vary based on performance against our short-term and long-term strategic objectives. We also consider the safety and soundness of our business and other important qualitative/strategic factors in the annual incentive payout determinations. Additional policies such as stock ownership guidelines, holding requirements and a clawback policy further reinforces the importance of these philosophical principles.

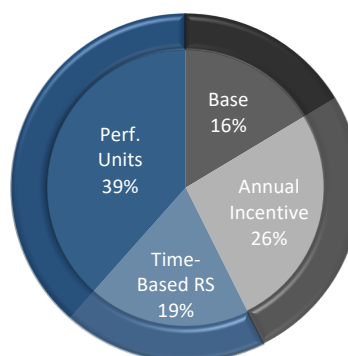
Historically, our philosophy has been to position base salaries conservative to market and to provide more equity-based compensation that aligns executives' compensation with the growth of the Bank's stock price. The emphasis on equity-based compensation originates from the time of our IPO when our founders did not receive any "founder" or IPO shares. It has been our historical philosophy to provide meaningful equity-based compensation that aligned their interests directly and meaningfully with shareholders while recognizing their contributions in building a successful company.

Starting in 2020, we adjusted our target incentive opportunities to align with market practice and further enhanced our program to increase the proportion of the equity tied to performance. As a result, our executives' target total compensation will shift, resulting in a greater focus on equity and performance-based pay as illustrated for the CEO in the charts below.

2019 CEO Pay Mix



2020 CEO Pay Mix



### Performance Metric Selection

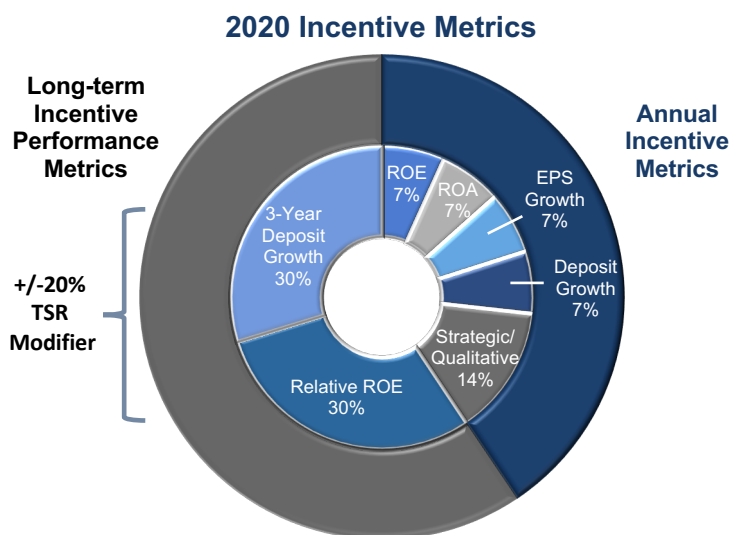
In developing the performance metrics for our annual and long-term incentive programs, the Compensation Committee considered several factors, including:

- our business strategy;
- ability to influence long-term value creation;
- perspectives of our shareholders; and
- sound risk management practices.

We believe our performance metrics (and resulting compensation) reflect a focused, but well-balanced view of performance that supports our expectations to drive strong business results, provide sound risk management and lead to long-term shareholder value.

In response to shareholder feedback during 2019, and in conjunction with many other changes to our executive compensation program going forward, we added two additional measures (Deposit Growth and TSR) to our long-term incentive program for 2020. We also changed the ROE metric from an absolute metric to a three-year relative metric that compares our performance to an objective industry index. We believe the enhancements to our incentive metric mix for 2020 provides a more balanced view of absolute and relative performance over both annual and three-year performance periods. In addition, all of the financial performance metrics in our incentive plans ultimately drive profits and increase the value to our shareholders.

ROE and Deposit Growth are the two most critical drivers of our business strategy, and are therefore included in both the annual and long-term incentive programs. The measurement perspectives (i.e. absolute versus relative performance and 1-year versus 3-year performance periods) are different in the two programs. The aggregate weight of these metrics reflects 37% of our NEOs' total performance-based incentive opportunities and 28% of their aggregate incentive opportunities when including restricted stock. The Compensation Committee believes the new program provides appropriate focus on these key metrics while ensuring a balanced approach that is not overly weighted toward any one metric. Below is a summary of the key metrics and aggregate weights of the performance metrics in our new incentive plans.



## Pay Decision Factors

The Compensation Committee considers a number of factors when evaluating the pay of its NEOs. Factors include but are not limited to:

- ✓ market reference data from our compensation peer group;
- ✓ the Bank's distinctive business model, particularly compared to peers (e.g., limited retail business, organic growth vs acquisitive growth);
- ✓ flat organization structure for business development which places a greater degree of responsibility and oversight on our senior management team;
- ✓ more efficient business model (e.g., higher revenue and net income/full time employee); and
- ✓ client retention reliant on executive management team interaction.

In particular, when determining the long-term incentive component of our NEO compensation, which is our most critical pay component, the Compensation Committee also considers, among other factors:

- ✓ the Bank's performance against our business tenets and long-term strategy;
- ✓ TSR and long-term shareholder value;
- ✓ the Bank's founder led executive team and desire to provide meaningful equity-based compensation opportunities;
- ✓ historical pay practices and focus on equity;
- ✓ feedback received from shareholders; and
- ✓ information provided by the Compensation Committee's independent consultant with respect to best practices and competitive pay.

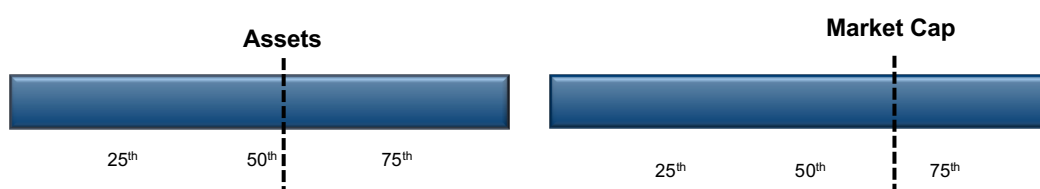
The Compensation Committee believes the Bank's success is more than just our stock price at any point in time. Stock values can be influenced by external market forces that are unrelated to the Bank's core business and risk management strategy. In considering executive compensation, the Compensation Committee considers stock price along with industry peer market data and the factors above.

## Compensation Peer Group

With the assistance of an independent compensation consultant, the Compensation Committee approves a peer group for use in conducting a competitive market analysis of compensation for our named executive officers. While our business model is different from those of other banks, as described in the “*Business Performance Highlights*” section of the CD&A, the peer group data provides an important and valuable reference as we develop our compensation program and make pay decisions.

In July 2019, following our annual shareholder meeting and vote results, the Compensation Committee engaged Meridian, our new independent consultant, to take a fresh look at our compensation practices and to help with our annual evaluation of market data of our peer companies.

The compensation peer group was selected from an objective screen that considered publicly traded U.S. based companies of similar industry (i.e., banks) and size (approximately ½ to 2x assets) with a goal to position the Bank near the median. Using objective criteria, 17 banks were defined as appropriate peers. At the time of the peer group selection process, the Bank’s assets of \$48.9 billion were positioned at the 53<sup>rd</sup> percentile of the peer group (median of \$47.3 billion) and as a reference, the Bank’s market capitalization was positioned at the 68<sup>th</sup> percentile of the peer group, as illustrated below:



Compared to the prior peer group, two banks were added, Huntington Bancshares Incorporated and Valley National Bank, and two banks were dropped, IBERIA Corporation and Sterling Bancorp. These changes better position the Bank closer to the median relative to size. Fifteen of the 17 banks remained consistent with the prior peer group.

Despite the Bank’s different business model and larger market cap, the Compensation Committee believed this updated peer group to be the best available view of market perspective. In accordance with the foregoing process and analysis, the Compensation Committee approved the following peer group of 17 banks to provide a reference for final pay decisions for 2019 and setting of 2020 compensation:

**BOK Financial Corporation**  
**CIT**  
**Comerica**  
**Cullen/Frost Bankers, Inc**  
**East West Bancorp, Inc**  
**First Citizens Bank**  
**First Horizon**  
**First Republic Bank**  
**F.N.B. Corporation**

**Huntington Bancshares Incorporated**  
**New York Community Bancorp, Inc**  
**People’s United Financial, Inc**  
**SVB Financial Group**  
**Synovus**  
**Valley National Bancorp**  
**Wintrust Financial Corporation**  
**Zions**

The peer group was used to provide a reference for the Compensation Committee’s consideration for final 2019 pay decisions and to set 2020 pay opportunities. The peer group was also used by the compensation consultant to conduct comprehensive competitive analyses of our executive and board compensation. The Compensation Committee also considers our performance relative to this peer group as a reference for goal setting and qualitative performance assessments. The Compensation Committee believes the peer group is one of many important factors (as discussed above) to consider when setting pay levels and making pay decisions.

## Compensation Committee Process

The Compensation Committee meets several times each year to discuss and approve compensation programs and policies related to the executive officers and the Board. A high level summary is provided in the table below, although actual meeting agendas may vary and include other periodic items:

Annual Compensation Committee Process	
January/February	<ul style="list-style-type: none"><li>▪ Review prior year financial performance and incentive scorecards for NEOs</li><li>▪ Approve prior year incentive awards (annual cash and equity grants)</li><li>▪ Approve target pay for upcoming year (base salary, annual and long-term incentive target opportunities)</li><li>▪ Finalize annual and long-term incentive programs for upcoming year</li><li>▪ Review risk assessment of compensation programs</li><li>▪ Review and approve Compensation Committee Charter</li><li>▪ Review Independence of Compensation Consultant</li><li>▪ Review and approve CD&amp;A</li><li>▪ Review stock ownership guidelines</li><li>▪ Review succession plan and organization chart</li><li>▪ Approve outside director pay</li></ul>
May/June	<ul style="list-style-type: none"><li>▪ Review Say-on-Pay results and shareholder feedback</li><li>▪ Plan shareholder engagement</li><li>▪ Review/approve compensation peer group</li><li>▪ Review pay for performance analysis</li></ul>
November/December	<ul style="list-style-type: none"><li>▪ Conduct executive and board compensation benchmark analysis</li><li>▪ Consultant advice on market trends/best practices/regulatory update</li><li>▪ Preliminary discussion of incentive programs for upcoming year</li><li>▪ Preliminary review of incentive plan results</li></ul>
Periodic/As Needed	<ul style="list-style-type: none"><li>▪ Executive sessions (without management)</li><li>▪ Pay-for-performance analysis</li><li>▪ Compensation peer group benchmarking of program designs/policies</li></ul>

## Management Role

Our Executive Chairman, Scott A. Shay, and our CEO, Joseph J. DePaolo, annually review all senior management performance and compensation packages, other than their own. They provide recommendations to the Compensation Committee with respect to salary adjustments and annual award amounts. The Compensation Committee determines and approves the compensation packages of the Executive Chairman and the CEO and approves the compensation packages of all senior management, giving consideration to the recommendations of the Executive Chairman and the CEO. Only the Executive Chairman and the Compensation Committee participate in an annual evaluation of the performance of our CEO and the Compensation Committee determines and approves the CEO's compensation level based on this evaluation. Neither the CEO nor the Executive Chairman is present during voting or deliberations relating to their own compensation.

## Compensation Consultant Role

The Compensation Committee's prior consultant assisted with determining early 2019 pay decisions and program design. Following the annual meeting and shareholder results, the Compensation Committee engaged Meridian to serve as its advisor. The consultant provided the Compensation Committee with market and best practice guidance to consider related to NEO compensation programs and pay levels. The Compensation Committee meets with Meridian in executive session. The Compensation Committee has the sole authority to retain or terminate consultants to assist it in the evaluation of executive and director compensation. The Compensation Committee has the sole authority to determine the terms of engagement and the extent of funding necessary for payment of compensation to any consultant retained to advise the Compensation Committee. The Compensation Committee's consultants for 2019 did not provide any services to management and would not do so without the prior approval of the Compensation Committee. The Compensation Committee has assessed and determined the compensation consultants were independent with respect to the applicable factors set forth in new SEC rules and NASDAQ listing standards.

## COMPENSATION PROGRAM & PAY DECISIONS

For our fiscal year ended December 31, 2019, the principal components of compensation for our NEOs were:

Component	Purpose
<b>Base Salary</b>	Provides fixed compensation for services provided as part of each executive's role
<b>Annual Incentive</b>	Variable pay that motivates and rewards executives for achievements related to our annual business plan which we believe ultimately drives our long-term success
<b>Long-Term Equity</b>	Variable pay that rewards our long-term performance and increases shareholder value
<b>Benefits</b>	Provides protection related benefits

### Base Salary

We provide executive officers with a competitive base salary to compensate them for services rendered during the fiscal year. We review base salaries annually, and, during such review, consider each named executive officer's scope of role and responsibilities, experience and performance, market data provided by the consultant as well as internal equity.

Base salaries have historically and intentionally been targeted to be conservative to our peers (i.e., at or below the median) in recognition of our philosophy of placing greater emphasis on equity to reward our long-term performance and align with shareholder interests. In January 2019, the Compensation Committee approved modest base salary increases (approximately 3%) to all NEOs except the CFO who received a 7% increase in consideration of his salary position compared to market. The increases recognized general market movement and reflected each executive's performance and contribution.

For 2020, base salaries continue to be set conservative relative to market. As a result, some executives received modest increases, depending on their pay relative to market. Below is a summary of our base salaries for 2018, 2019 and 2020:

Executive	2018 Base Salary	2019 Base Salary	2020 Base Salary
Joseph J. DePaolo	\$900,000	\$927,000	\$927,000
Scott A. Shay	\$640,000	\$659,200	\$659,200
John Tamberlane	\$475,000	\$489,250	\$500,000
Mark T. Sigona	\$450,000	\$463,500	\$500,000
Vito Susca	\$350,000	\$375,000	\$450,000

### Annual Incentive Compensation (AIP)

#### 2019 Annual Incentive Program and Payouts

We provide opportunities for our executives to earn annual cash incentive awards that reward performance achievements defined for the year. Performance goals are based on our business strategy and budget approved by the Board. Our incentive program is designed to:

- focus executives on key financial and strategic goals that support our annual business plan;
- link short-term pay to our annual financial performance;
- put a meaningful portion of compensation at risk based on our financial success;
- incentivize and motivate executives to achieve our short-term strategic and financial objectives that we believe will drive long-term value creation; and
- provide a competitive level of target annual compensation to attract and retain key talent.

At the beginning of 2019, the Compensation Committee set the following annual incentive targets, as a percentage of base salary, for our NEOs, reflecting no change from 2018:

Executive	Target
Joseph J. DePaolo	275%
Scott A. Shay	185%
John Tamberlane	115%
Mark T. Sigona	115%
Vito Susca	115%

The Compensation Committee also set and approved the performance metrics for 2019 as follows:

Annual Incentive Metric	Weighting as % of Annual Incentive	
ROE	16.5%	} 66% Formulaic
ROA	16.5%	
Diluted EPS Growth	16.5%	
Deposit Growth	16.5%	
Strategic/Qualitative Performance	34.0%	

These metrics were selected by the Compensation Committee to provide a comprehensive and balanced approach to assessing and rewarding our performance:

- ROE and EPS are common metrics used by investors to evaluate the profitability of a company and we believe this helps ensure our executive officers are aligned with shareholder interests,
- ROA is a common metric in the banking industry which measures how efficiently we manage our assets (e.g., loans) to generate earnings, and
- deposit growth is a key driver of the overall performance of our banking franchise.

The Strategic/Qualitative component provides a holistic view of performance that incorporates a balance of financial performance, strategic achievements and risk/regulatory safety and soundness. Below are the factors included as part of the executives' Strategic/Qualitative component (reflecting 34%) of the annual incentive award for 2019:

Strategic/Qualitative Factors for the 1/3 Component of the Annual Incentive Award		
➤ Earnings	➤ TSR	➤ Maintain Culture of High Ethical Standards
➤ Loan Growth	➤ Tangible Capital Ratio	➤ Prudent Risk Management
➤ Credit Performance	➤ Asset Liability Management	➤ Reputation of the Bank
➤ Efficiency Ratio	➤ Continued Growth in Strategic Opportunities	➤ Ratings/Reputation with Regulators

The Compensation Committee establishes the annual incentive performance goals, where applicable, based on our Board approved business plan and strategic priorities. Our 2019 ROE and ROA goals were set at the beginning of the year, reflecting our expectations given the external market challenges facing our business, regulatory pressures to rebalance our commercial real estate portfolio and our taxi medallion write-offs. At the time our target performance was determined to be sufficiently rigorous based on these factors.

In the second half of the year, based on feedback from our shareholder engagement process, we were asked about the rigor of our prior year ROE goals. While the Compensation Committee understands the typical objective is to seek improvement of performance year-over-year, it is challenging to do so within the financial services industry given our reliance on interest rates, regulatory changes and economic uncertainty. In hindsight, we recognize that the original 2019 performance goals could have been more rigorous.

As a result of shareholder feedback, the Compensation Committee took **retroactive action** during 2019 to increase the ROE and ROA goals it originally established for 2019 annual incentive awards. The following table summarizes the original and increased 2019 threshold, target and maximum performance goal for each financial metric:

Financial Metric	Threshold	Target	Maximum
ROE	10.5% (was 8%)	12% (was 10%)	13.5% (was 12%)
ROA	1.10% (was 0.8%)	1.15% (was 1.0%)	1.20% (was 1.1%)
Diluted EPS Growth	10%	12%	15%
Deposit Growth	\$3 billion	\$4 billion	\$5 billion

The more rigorous goals considered what the Compensation Committee and management believed to be strong performance.

In the first quarter of 2020, the Compensation Committee assessed performance relative to the financial and strategic goals approved for fiscal year 2019 in order to approve annual incentive awards. Below is a summary of performance compared to the 2019 financial goals that determined 2/3 of the incentive payout.

**2019 performance ranged from target to maximum for the four financial metrics (average of 126% of target) and ranked between the 53<sup>rd</sup> percentile to the 82<sup>nd</sup> percentile compared to peers, as illustrated in the table below.**

2019 Annual Incentive Performance				
Financial Metric	Threshold	Target	Maximum	Actual 2019
ROE	10.5%	12%	13.5%	12.83%
ROA	1.10%	1.15%	1.20%	1.20%
Diluted EPS Growth	10%	12%	15%	17.8%
Deposit Growth	\$3 billion	\$4 billion	\$5 billion	\$4 billion

In early 2019, the Compensation Committee selected the following 12 strategic factors (the “Scorecard Factors”) that they believed represent critical performance indicators that contribute to the Bank’s long-term success. The Scorecard Factors consist of a broad representation of financial and non-financial factors. The Compensation Committee’s assessment of the Scorecard Factors determines 34% of the target opportunity for each executive. Below is a summary of the Compensation Committee’s considerations when determining the payout for the strategic goals component of the annual incentive:

Scorecard Factor	Considerations
<b>Earnings</b>	Net income increased by 17% from 2018 concurrent with significant investments in new teams (Venture and Mortgage Servicing), expansion in San Francisco and launch of a leading edge digital payments platform.
<b>Loan Growth</b>	Loans grew 7% while shifting the loan mix away from fixed rate commercial real estate (CRE) loans to floating rate commercial and industrial (C&I) loans. We successfully decreased CRE loans by \$1.1 billion (-3.9%) and increased C&I loans \$3.9 billion, or 48.7%. This revised strategy greatly benefits our risk profile by decreasing the overall sensitivity to interest rates and increasing the credit diversity of the loan portfolio.
<b>Credit Performance</b>	Reduced tax medallion loan exposure to just \$6.9 million which was a driver of losses in prior years. For 2019, total non-accrual loans were 0.15% of total loans compared with peer group median of 0.31% of total loans. Net charge-offs for the year were 0.01% of total loans; the peer group median was 0.12% of total loans.
<b>Efficiency Ratio</b>	Our efficiency ratio of 39.5% is the lowest (i.e., best) compared to the peer group.
<b>Total Shareholder Return (TSR)</b>	Our 1-year TSR for 2019 increased to +35.2% and ranked at the 82 <sup>nd</sup> percentile of our peer group.



Scorecard Factor	Considerations
<b>Tangible Capital Ratio</b>	Our year-end tangible equity to tangible assets ratio of 9.34% compared to 8.45% at our peers (at median). A robust capital level is important to the Bank, our depositor clients and our shareholders given the high level of growth the Bank achieves each year.
<b>Asset Liability Management</b>	One of our strategic initiatives for 2019 was to decrease the level of interest rate sensitivity of the balance sheet by adding floating rate loans to offset the larger portfolio of fixed rate loans. The Bank successfully increased the floating rate component of its loan book to 20%, up from 12% in 2018.
<b>Continued Growth in Strategic Opportunities</b>	A key strategic objective is growing the Bank's deposits while decreasing interest rate sensitivity and increasing credit and geographic diversification. Over the last couple of years, we on-boarded the Venture Banking Group and Fund Banking Division to drive C&I loan growth. We also expanded to the West Coast with an office opening in San Francisco. These are critical new expansion areas of business that will allow us to continue to innovate and be a market leader in our industry.
<b>Maintain Culture of High Ethical Standards</b>	The Compensation Committee believes the Bank's executives consistently maintain high ethical standards in the ways in which we conduct our business and serve our clients.
<b>Prudent Risk Management</b>	Sound risk management is deeply rooted in our culture, and based on our Board's oversight, we believe that the Bank and its executives place significant focus on reducing risk exposure.
<b>Reputation of the Bank</b>	Our executives have a focused dedication to the Bank's clients and community evidenced by their willingness to support clients when they need it the most.
<b>Reputation with Regulators</b>	Our executives successfully place a high level of importance on regulator feedback and we incorporate it into everything we do.

**Based on the assessment of the above performance factors, the Compensation Committee awarded target performance awards for the 34% Strategic/Qualitative component.**

Performance results and payouts based on the combined allocations of the financial metrics (66% total weight) and Scorecard Factors (34% weight) are summarized below:

Executive	Target	ROE (16.5%)	ROA (16.5%)	EPS Growth (16.5%)	Avg Deposit Growth (16.5%)	Scorecard Factors (34%)	Total Payout	
	% of Base	Payout (\$)	Payout (\$)	Payout (\$)	Payout (\$)	Payout (\$)	(\$)	% of Base
Joseph J. DePaolo	275%	\$505,261	\$573,581	\$573,581	\$420,626	\$866,745	\$2,939,795	317%
Scott A. Shay	185%	\$248,165	\$286,060	\$286,060	\$201,221	\$414,637	\$1,436,142	218%
John Tamberlane	115%	\$115,169	\$133,198	\$133,198	\$92,835	\$191,297	\$665,698	136%
Mark T. Sigona	115%	\$109,108	\$126,188	\$126,188	\$87,949	\$181,229	\$630,661	136%
Vito Susca	115%	\$88,275	\$102,094	\$102,094	\$71,156	\$146,625	\$510,244	136%

## 2020 Annual Incentive Program Changes

For the 2020 Annual Incentive Program (AIP), we adjusted our target opportunities and incentive mix to align target total compensation with market and reinforce our preference to put the greatest emphasis in equity-based pay:

Executive	2019 Target	2020 Target
Joseph J. DePaolo	275%	160%
Scott A. Shay	185%	150%
John Tamberlane	115%	130%
Mark T. Sigona	115%	130%
Vito Susca	115%	110%

We will continue to review the rigor of our goals and focus on providing enhanced disclosure of our Scorecard Factors.



## Long-Term Incentive (LTI) Compensation

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The purpose of our long-term incentive compensation (i.e., equity-based awards) is to give us a competitive advantage in attracting, retaining and motivating our leadership team, to incentivize our executives to increase shareholder value over the long-term, to align their interests with our shareholders through ownership and holding requirements and to provide retention through vesting criteria.

There are several historical considerations that serve as important context of our compensation philosophy and focus on equity compensation:

- In determining annual equity award opportunities, the Compensation Committee historically denominated awards as a number of shares, an approach developed at the time of our IPO. The objective of this approach was to align executives with our shareholders' long-term performance perspective and reward executives for stock price appreciation over time.
- While each executive had a target number of shares, the Compensation Committee considered performance of the prior year in determining the specific number of shares granted to each executive.
- The Compensation Committee considered the invaluable contributions of our three founders to our growth over more than 20 years and the fact that they did not receive any shares before or at the time of our IPO, other than shares personally purchased at the full IPO price.
- In addition to granting a significant portion of executives' pay in equity, our stock retention policy, which required holding a portion of shares received until retirement, ensured executives had significant ownership stakes so as to align their experience of any fluctuations with our shareholders.
- The granting of equity was traditionally approved by the Compensation Committee at a prescheduled meeting in January for grant on a fixed date each year (March 22, the anniversary of the IPO). In 2019, we revised the timing of grants for our executives such that they were issued at the same time as the approval of the awards at the January Compensation Committee meeting.

### Changes in Response to Shareholder Feedback

In response to feedback received from our shareholders, we restructured our long-term incentive program:

- Starting in 2018, and continuing for 2019, 50% of our NEO's equity awards were granted as performance shares and 50% of the equity awards were granted as restricted stock, with the restricted stock awards vesting 25% per year over four years and the performance shares vesting 33.33% per year over three years, subject to annual vesting based on pre-defined ROE goals.
- In response to the 2019 shareholder feedback, the Compensation Committee extended the performance period for 2020 equity awards so that the awards will cliff vest based on a three-year performance period (rather than annual vesting), increased the weighting of the performance-based component (performance share units) to 66% of the total equity grant, eliminated the practice of paying dividends on unvested shares and changed incentive targets from a number of shares to a target value. We also added relative metrics to provide more balance and measure our performance against an objectively determined industry index and require above median (i.e., 55<sup>th</sup> percentile) performance to receive full vesting of the shares.

### 2019 Long-Term Incentive (Equity) Grants

The 2019 grants reported in this proxy's Summary Compensation Table were made in January 2019 based on the Compensation Committee's considerations of performance at the time, as well as the historical practice of granting equity defined as a number of shares. They also considered the CEO and the Executive Chairman's proposal to voluntarily reduce their awards. The CEO's grant was reduced by 4,650 shares (30,000 shares versus 34,650) and the Executive Chairman's grant was reduced by 720 shares. The Executive Chairman's reduced grant was made in conjunction with a larger reduction of his annual cash incentive of \$340,000 (for 2018 performance). These reductions were made in recognition of lower TSR in the prior year, although the Compensation Committee recognized that core, operational performance remained strong.

The 2019 equity grants were split equally between performance shares and restricted stock. The restricted stock awards vest 25% per year over four years and the 2019 performance-shares vest over a three-year period, with annual vesting depending on performance against pre-established ROE goals. As described earlier, for 2020 equity awards, the vesting schedule has been changed to a three-year cliff vest based on a three-year performance period.

In January 2019, the Compensation Committee approved the following equity awards, for each of our named executive officers, which were granted 50% as performance shares that vest over three years based on specific ROE performance and 50% as restricted stock awards with four-year incremental vesting:

2019 Long-Term Equity Incentive Awards			
Executive	Shares of Time-Based Restricted Stock (#)	Shares of Performance-Based Restricted Stock (#)	Voluntary Reduction of Target Long-Term Award Opportunity from 2018 (\$)
Joseph J. DePaolo	15,000	15,000	4,650 shares/\$582,878
Scott A. Shay	13,500	13,500	720 shares/\$90,252*
John Tamberlane	11,550	11,550	
Mark T. Sigona	11,550	11,550	
Vito Susca	7,000	7,000	

\*Stock price \$125.35/share on the grant date in January.

The following chart describes the ROE performance that must be attained in order for the 2019 performance-based restricted stock (reflecting 50% of the 2019 award) to be earned:

2019 Long-Term Performance Vesting Criteria			
Performance Metric	ROE < 8%	ROE less than 10% but at least 8%	ROE 10% or Greater
Vesting	0 shares vest	50% of target shares vest	100% of target shares vest

The maximum vesting of performance shares is 100% of target (i.e., we do not provide additional leverage).

### Performance Shares Which Vest based on 2019 Performance

Our 2018 and 2019 performance shares have the opportunity to vest 33% annually if our ROE performance meets or exceeds pre-defined goals. The performance scale described above for the 2019 grants was the same for the 2018 grants and applied to determine the vesting for the 2019 performance tranche.

As reported above, our ROE in 2019 was 12.83%, exceeding the 10% target which means that 33% of our NEO's 2018 and 2019 performance shares vested in 2019 (based on 2019 performance) and will vest as of March 23, 2020, subject to continued employment through such date.

## 2020 Long-Term Incentive Program Changes

Starting in 2020, in response to shareholder feedback, we made significant changes to our long-term incentive program. Our grants to executives in January 2020 included the following new design features:

- ✓ Reduced target award opportunities and changed targets to be defined as a percentage of base salary rather than a number of shares
- ✓ Increased the portion of awards subject to performance-based vesting conditions to 66% (from 50%) and decreased the portion of awards granted as time based restricted stock to 33% from 50%
- ✓ Grants will be made at target with actual value based on future (i.e., three year) performance
- ✓ Increased the performance period to three years (from one year) for the performance-based equity awards
- ✓ Changed performance metrics from one goal (absolute ROE) to:
  - 50% Relative three year Average ROE compared to an industry index
  - 50% Absolute Deposit Growth
  - Modifier: Relative TSR compared to an industry index
  - These three metrics were selected as key drivers of shareholder growth
- ✓ For relative performance metrics, we developed the following payout range:

	Threshold	Target	Stretch
<b>Performance</b>	35 <sup>th</sup> percentile 50% of target	55 <sup>th</sup> percentile 100% of target	75 <sup>th</sup> percentile 150% of target
- ✓ Changed dividend policy to no longer provide dividends until shares vest

## Executive Benefits and Perquisites

We do not provide any named executive officers with perquisites or other personal benefits. Named executive officers are eligible for participation in the Bank's 401(k) plan under which we currently provide a tiered matching feature: 100% of the first 3% contributed and 50% of the next 4% contributed. Taxes are also paid on behalf of named executive officers with respect to benefits under disability and life insurance policies. We provide these benefits as additional incentives for our executives and to remain competitive in the general marketplace for executive talent. Named executive officers are eligible for participation in the Bank-wide employee benefit programs that include medical, dental, vision, prescription drug, life insurance, accidental death and dismemberment, short-term and long-term disability, flexible spending accounts and other voluntary benefits.

## Executive Severance and Change of Control Arrangements (Legacy)

Each of the current named executive officers, including the founders of our business, is eligible for cash severance protection in the event of certain corporate transactions pursuant to legacy arrangements adopted in connection with the Bank's initial public offering in March 2004, through the Change of Control Severance Plan for Key Corporate Employees (the "Legacy Plan"). This Legacy Plan was designed to assure the Bank of the continued employment and dedication to duty of our founders and certain key executives through the occurrence of a change of control of the Bank. The Legacy Plan includes a modified "gross up" provision triggered only if the excise tax cannot be avoided by reducing the payments due to the executive by up to 10%. As previously disclosed, the Bank will not include any excise tax "gross up" provisions in any new contracts or arrangements and no such provisions have been included in any arrangements entered into since 2007.

In 2018 and 2019, the Compensation Committee reviewed the Legacy Plan and determined that it was in the best interests of the Bank and its shareholders to not make any amendments to the plan. If the Legacy Plan is amended, certain of the payments thereunder may not be deductible due to the loss of Tax Code Reform Section 162(m) transition relief otherwise applicable to certain arrangements in place as of November 2, 2017. However, since 2014, participation in the Legacy Plan has not been available to new executives who may only be offered severance protection, as determined necessary on a case by case basis.

Messrs. DePaolo and Shay are also eligible for severance protection in the event of involuntary termination of employment pursuant to their legacy employment agreement and chairman agreement, respectively, each as described under "Potential Post-Employment Payments Upon Termination or Change of Control."

## BEST PRACTICE POLICIES AND PAY PRACTICES

### Risk Assessment of Compensation Programs

Annually, the Compensation Committee reviews the Bank's compensation programs, policies and practices to ensure that they do not encourage excessive and unnecessary risk taking behavior. The Compensation Committee believes that the design, implementation and governance of our executive compensation program are consistent with high standards of risk management. Our executive compensation program reflects an appropriate mix of compensation elements, balancing current and long-term performance objectives, cash and equity compensation and risks and rewards. The review process includes an evaluation of the mix between pay elements, short- and long-term programs, performance objectives, goal rigor, use of multiple performance measures and target pay levels.

Our senior risk official met several times with senior management and counsel to discuss the long- and short-term risks the Bank was facing that could have threatened the value of the Bank. Our senior risk official prepared a detailed written report setting out the terms of compensation policies and practices for the following employee groups: senior executive officers, operations employees, employees in our private client banking groups, investment group directors, employees on our fixed income desk, and our SBA group. The report was presented to the Compensation Committee at a meeting in January.

Moreover, the senior executive officer compensation program and corporate governance practices as a whole include the following design features that we believe mitigate officer risk-taking:

- A significant portion of executive officer compensation is variable compensation, including an annual cash incentive opportunity and long-term equity opportunity.
- Our incentives are based on a balanced view of performance metrics that reflect absolute and relative performance, annual and short-term performance and are paid in cash and equity.
- A significant portion of the long-term equity awards is subject to performance-based vesting requirements to ensure our executives are focused on long-term value creation for our shareholders.
- For awards issued in 2020, we increased the portion subject to performance vesting from 50% to 66% and introduced three-year cliff vesting to replace the three-year annual vesting schedule.
- Our executives are required to meet the applicable stock ownership guidelines and holding requirements.
- All incentive awards are subject to a newly adopted clawback policy that includes recoupment and forfeiture of awards in the event of a financial restatement or misconduct.

Based on these features, we believe our executive compensation program effectively (i) ensures that our compensation opportunities do not encourage excessive risk taking, (ii) keeps our named executive officers focused on long-term value creation for our shareholders and (iii) provides competitive and appropriate levels of compensation over time. After considering the presentation of our senior risk official, we agreed with the conclusion of our senior risk official that our employee compensation program, policies and practices do not encourage excessive or unnecessary risk-taking and are not reasonably likely to result in a material adverse effect on the Bank.

### Stock Ownership Guidelines and Holding Requirements

The Bank enhanced its already robust policy pertaining to stock ownership and/or retention of the Bank's securities for all executive officers and independent directors. Our ownership policy is designed to align the interests of our executives and independent directors with the long-term interests of our shareholders. The current policy requires that executives own a defined multiple of salary. Starting in 2020, the guidelines for the President and CEO and the Chairman of the Board were increased from 5x base salary to 6x base salary.

Joseph J. DePaolo, President, and CEO:	6x base salary
Scott A. Shay, Chairman of the Board:	6x base salary
All other members of the senior management team:	3x base salary

Starting in 2020 and in conjunction with the new ownership guidelines, the executive hold policy was adjusted from a hold-til-retirement requirement to a requirement to hold 50% of shares (after the payment of taxes) for two years post-vest. This change was made to mitigate the risk of early retirement of our key executives and to recognize that our executives currently have a significant portion of their wealth held in the Bank's stock until retirement.

Our independent board members must retain 50% of any vested shares (after the payment of taxes) through retirement. This policy ensures our board members are strongly aligned with our shareholders.

## Clawback Policy

In response to shareholder feedback and to promote executive leadership and accountability for our long-term success, in January 2020, our Compensation Committee approved a clawback policy that allows us to recoup certain incentive compensation awarded or earned by our executives if based on the achievement of financial results that were subsequently the subject of a material restatement, or if any covered executive engages in fraud or serious misconduct which materially and adversely impacts our business. Such recoupment is not limited to individuals engaged in misconduct, but misconduct may be taken into account by the Compensation Committee in its discretion. Awards under our 2004 Equity Plan are also subject to clawback and/or forfeiture in the event of serious misconduct by a plan participant or any activity of a plan participant in competition with the Bank.

## Anti-Hedging Policy

Pursuant to the Bank's Securities Trading Policy, independent directors, officers and employees are strictly prohibited from hedging any of the Bank's securities. There is no prohibition on pledging securities but none of the Bank's executives have pledged any securities.

## Tax and Accounting Considerations

The Bank considers the tax and accounting impact of compensation alongside the objectives of the executive compensation programs and the Bank's compensation philosophy. For taxable years beginning on and after January 1, 2018, the Tax Cuts and Jobs Act generally eliminated the "performance-based" compensation exception under 162(m) of the Internal Revenue Code and expanded the \$1 million per covered employee annual limitation on deductibility to a larger group and any covered employee in taxable years beginning on and after January 1, 2017, will continue to be a covered employee for all subsequent taxable years. As a result, the Bank may no longer take an annual deduction for any compensation paid to an expanded number of covered employees in excess of \$1 million per covered employee unless an exception applies.

## Summary Compensation Table

The following table sets forth the cash and non-cash compensation paid by or incurred on behalf of Signature Bank during the years ended December 31, 2017, December 31, 2018 and December 31, 2019 to its named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	Stock Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan (\$)	All Other Compensation (\$) <sup>(2)</sup>	Total (\$)
Joseph J. DePaolo, President, CEO and Co-Founder	2019	927,000	—	—	3,760,500	2,939,795	203,247	7,830,542
	2018	900,000	—	—	4,954,999	2,700,000	112,125	8,667,124
	2017	800,000	—	—	5,033,952	1,700,000	49,495	7,583,447
Scott A. Shay, Chairman of the Board and Co-Founder	2019	659,200	—	—	3,384,450	1,436,142	131,354	5,611,146
	2018	640,000	—	—	3,964,087	975,000	79,710	5,658,797
	2017	464,726	—	—	4,027,162	742,000	17,880	5,251,768
John Tamberlane, Vice-Chairman and Co-Founder	2019	489,250	—	—	2,895,585	665,698	112,191	4,162,724
	2018	475,000	—	—	3,303,431	580,000	69,309	4,427,740
	2017	420,595	—	—	3,355,968	375,000	20,727	4,172,290
Mark T. Sigona Executive Vice President and COO	2019	463,500	—	—	2,895,585	630,661	111,554	4,101,300
	2018	450,000	—	—	3,303,431	580,000	68,662	4,402,093
	2017	400,000	—	—	3,355,968	375,000	16,405	4,147,373
Vito Susca, Executive Vice President and CFO	2019	375,000	—	—	1,754,900	510,244	67,365	2,707,509
	2018	350,000	—	—	1,787,634	450,000	42,291	2,629,925
	2017	325,000	—	—	1,816,000	375,000	16,360	2,532,360

(1) Represents the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Refer to Note 2(p) — Stock-Based Compensation to our consolidated financial statements in our Annual Report on Form 10-K filed with the FDIC for fiscal year ended December 31, 2019 for our accounting policy related to stock-based compensation for a discussion of assumptions used in the valuation of this column.

(2) Amounts in this column represent Bank matching contributions to our 401(k) plan, Bank contributions to each employee's HSA account, dividends paid on nonvested restricted stock, and payment of taxes on behalf of the executive officers for certain payments under disability and life insurance plans and imputed income on the taxable portion of group term life insurance and bank owned life insurance in respect to 2019. For each executive officer, the Bank 401(k) matching contribution was \$14,000. For each executive officer, the Bank HSA contribution was: Mr. DePaolo — \$2,400; Mr. Shay — \$2,400; Mr. Susca — \$2,400; Mr. Sigona — \$1,600 and Mr. Tamberlane — \$960. For each executive officer, the amount of such tax payments and imputed income was: Mr. DePaolo — \$13,129; Mr. Shay — \$1,980; Mr. Tamberlane — \$2,584; Mr. Susca — \$701 and Mr. Sigona — \$1,307. For each executive officer the amount of dividends paid was: Mr. DePaolo — \$138,064; Mr. Shay — \$112,974; Mr. Tamberlane — \$94,647; Mr. Sigona — \$94,647 and Mr. Susca — \$50,263.

## Grants of Plan-Based Awards in 2019 Fiscal Year

The following table presents information with respect to each award made to our named executive officers under (i) our 2004 Equity Plan in 2019, and (ii) in accordance with the terms of each of our CEO's and Executive Chairman's employment agreements. No stock options were granted to our named executive officers during 2019.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan			Estimated Possible Payouts Under Equity Incentive Plan			All Other Stock Awards: Number of Shares of Stock (#) <sup>(1)</sup>	Fair Value of Stock Awards (\$) <sup>(2)</sup>
		Threshold(\$)	Target(\$)	Maximum(\$)	Threshold(#)	Target(#)	Maximum(#)		
Joseph J. DePaolo	1/23/2019	1,158,750	2,549,250	3,476,250	—	—	—	15,000	1,880,250
	1/23/2019	—	—	—	7,500	15,000	15,000	—	1,880,250
Scott A. Shay	1/23/2019	580,096	1,219,520	1,733,696	—	—	—	13,500	1,692,225
	1/23/2019	—	—	—	6,750	13,500	13,500	—	1,692,225
John Tamberlane	1/23/2019	269,088	562,638	807,263	—	—	—	11,550	1,447,793
	1/23/2019	—	—	—	5,775	11,550	11,550	—	1,447,793
Mark T. Sigona	1/23/2019	254,925	533,025	764,775	—	—	—	11,550	1,447,793
	1/23/2019	—	—	—	5,775	11,550	11,550	—	1,447,793
Vito Susca	1/23/2019	206,250	431,250	618,750	—	—	—	7,000	877,450
	1/23/2019	—	—	—	3,500	7,000	7,000	—	877,450

- (1) Restricted stock awards were granted on January 23, 2019 at a value of \$125.35 (the closing price of our common stock on January 23, 2019). Service-based awards vest equally over four years on March 23, 2020, March 22, 2021, March 22, 2022 and March 22, 2023. Performance-based awards vest equally over three years on March 23, 2020, March 22, 2021 and March 22, 2022, subject to achievement of the relevant performance targets with the number of shares disclosed based on target performance. Each executive officer was awarded grants as follows: Mr. DePaolo – 15,000 service-based and 15,000 performance-based; Mr. Shay – 13,500 service-based and 13,500 performance-based; Mr. Tamberlane – 11,550 service-based and 11,550 performance-based; Mr. Sigona – 11,550 service-based and 11,550 performance-based; and Mr. Susca – 7,000 service-based and 7,000 performance-based. Refer to "Elements of Compensation for 2019 and Why We Chose to Pay Each Element – Restricted Stock Awards" for additional information.
- (2) The January 23, 2019 grant date fair value is calculated as the number of shares granted multiplied by the closing price of our common stock on January 23, 2019 (\$125.35). The aggregate grant date fair value was computed in accordance with FASB ASC Topic 718 and, with respect to the performance-based awards, is based on the probable outcome of the performance conditions as of the grant date, consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Subtopic 718-10. Refer to Note 2(p) — Stock-Based Compensation to our consolidated financial statements in our Annual Report on Form 10-K filed with the FDIC for fiscal year ended December 31, 2019 for our accounting policy related to stock-based compensation for a discussion of assumptions used in the valuation of this column.

## Employment Agreements

The only named executive officers who are currently party to an employment agreement are two of our founders, our CEO and our Executive Chairman.

### *Legacy Employment Agreement with Joseph J. DePaolo*

In March 2004, we entered into an employment agreement with one of our founders, Joseph J. DePaolo, which provides that Mr. DePaolo is to serve as our President and CEO for a three-year period (with automatic one-year renewals unless either party gives 90 days' prior written notice of its intent to terminate the agreement) or until we terminate his employment or he resigns. The agreement provides Mr. DePaolo with a base salary that may be adjusted annually at the Board's discretion (such base salary was \$927,000 in 2019), an annual bonus subject to meeting certain performance-based criteria to be determined from time-to-time by the Board of Directors, participation in our 2004 Equity Plan, and eligibility for our employee benefit plans and other benefits provided in the same manner and to the same extent as to our other executive employees. Mr. DePaolo's employment agreement also contains confidentiality provisions and a covenant not to solicit employees or clients during his employment term and for a period of one year thereafter. Upon termination of employment for any reason other than by us for "cause," Mr. DePaolo will also be entitled to continued medical coverage (both for himself and his dependents) until he reaches age 65 or, if earlier, he becomes eligible for comparable coverage under another employer's health plans.

The agreement provides that Mr. DePaolo will receive life insurance with a death benefit equal to three times his annual base salary and long-term disability insurance up to the age of 65 in an amount not less than 50% of his annual base salary.

### *Legacy Employment Agreement with Scott A. Shay*

In March 2004, we entered into an agreement with one of our founders, Mr. Shay, which provides that Mr. Shay will serve as our Executive Chairman for a three-year period (with automatic one-year renewals unless either party gives 90 days' prior written notice of its intent to terminate the agreement) or until we terminate his service or he resigns.

The agreement provides that Mr. Shay will receive a base fee that may be adjusted annually at the Board's discretion (such base fee was \$659,200 in 2019), an annual bonus opportunity (which was guaranteed at 50% of the rate in effect



for our CEO, however, the Executive Chairman waived this guarantee on his bonus beginning in 2013), participation in our 2004 Equity Plan, and eligibility for our employee benefit plans and other benefits provided in the same manner and to the same extent as to our other executive employees. Mr. Shay's chairman agreement also contains confidentiality provisions and a covenant not to solicit employees or clients during the term of his agreement and for a period of one year thereafter.

## Outstanding Equity Awards at 2019 Fiscal Year-End

The following table provides information about each of the outstanding awards of options to purchase our common stock and restricted shares of our common stock held by each named executive officer as of December 31, 2019. The Bank has not granted any performance-based equity awards prior to 2018. As further described in "Long-Term Incentive Compensation," awards with performance-based vesting criteria were granted on January 23, 2019.

Stock Awards				
Name	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested (\$) <sup>(1)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares That Have Not Vested (\$) <sup>(1)</sup>
Joseph J. DePaolo	53,645	7,328,443	26,252	3,586,286
Scott A. Shay	44,418	6,067,943	22,502	3,073,998
John Tamberlane	37,314	5,097,466	19,052	2,602,694
Mark T. Sigona	37,314	5,097,466	19,052	2,602,694
Vito Susca	20,317	2,775,505	11,059	1,510,770

(1) Market value is based on the \$136.61 closing price of our common stock on the NASDAQ Global Select Market at December 31, 2019.

Restricted Shares				
Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Vesting Period	Final Vesting Date
Joseph J. DePaolo	3/22/2016	8,662	Equally – 4 Years <sup>(1)</sup>	3/23/2020
	3/22/2017	17,324	Equally – 4 Years <sup>(2)</sup>	3/22/2021
	3/22/2018	11,252	Equally – 3 Years <sup>(3)</sup>	3/22/2021
	3/22/2018	12,659	Equally – 4 Years <sup>(4)</sup>	3/22/2022
	1/23/2019	15,000	Equally – 3 Years <sup>(5)</sup>	3/22/2022
	1/23/2019	15,000	Equally – 4 Years <sup>(6)</sup>	3/22/2023
Scott A. Shay	3/22/2016	6,930	Equally – 4 Years <sup>(1)</sup>	3/23/2020
	3/22/2017	13,860	Equally – 4 Years <sup>(2)</sup>	3/22/2021
	3/22/2018	9,002	Equally – 3 Years <sup>(3)</sup>	3/22/2021
	3/22/2018	10,128	Equally – 4 Years <sup>(4)</sup>	3/22/2022
	1/23/2019	13,500	Equally – 3 Years <sup>(5)</sup>	3/22/2022
	1/23/2019	13,500	Equally – 4 Years <sup>(6)</sup>	3/22/2023
John Tamberlane	3/22/2016	5,775	Equally – 4 Years <sup>(1)</sup>	3/23/2020
	3/22/2017	11,550	Equally – 4 Years <sup>(2)</sup>	3/22/2021
	3/22/2018	7,502	Equally – 3 Years <sup>(3)</sup>	3/22/2021
	3/22/2018	8,439	Equally – 4 Years <sup>(4)</sup>	3/22/2022
	1/23/2019	11,550	Equally – 3 Years <sup>(5)</sup>	3/22/2022
	1/23/2019	11,550	Equally – 4 Years <sup>(6)</sup>	3/22/2023
Mark T. Sigona	3/22/2016	5,775	Equally – 4 Years <sup>(1)</sup>	3/23/2020
	3/22/2017	11,550	Equally – 4 Years <sup>(2)</sup>	3/22/2021
	3/22/2018	7,502	Equally – 3 Years <sup>(3)</sup>	3/22/2021
	3/22/2018	8,439	Equally – 4 Years <sup>(4)</sup>	3/22/2022
	1/23/2019	11,550	Equally – 3 Years <sup>(5)</sup>	3/22/2022
	1/23/2019	11,550	Equally – 4 Years <sup>(6)</sup>	3/22/2023
Vito Susca	3/22/2016	2,500	Equally – 4 Years <sup>(1)</sup>	3/23/2020
	3/22/2017	6,250	Equally – 4 Years <sup>(2)</sup>	3/22/2021
	3/22/2018	4,059	Equally – 3 Years <sup>(3)</sup>	3/22/2021
	3/22/2018	4,567	Equally – 4 Years <sup>(4)</sup>	3/22/2022
	1/23/2019	7,000	Equally – 3 Years <sup>(5)</sup>	3/22/2022
	1/23/2019	7,000	Equally – 4 Years <sup>(6)</sup>	3/22/2023

(1) Service-based award vests equally over four years on March 22, 2017, March 22, 2018, March 22, 2019 and March 23, 2020.

(2) Service-based award vests equally over four years on March 22, 2018, March 22, 2019, March 23, 2020 and March 22, 2021.

(3) Performance-based award vests equally over three years on March 22, 2019, March 23, 2020 and March 22, 2021, subject to achievement of the relevant performance targets with the number of shares disclosed based on target performance.

(4) Service-based award vests equally over four years on March 22, 2019, March 23, 2020, March 22, 2021 and March 22, 2022.

(5) Performance-based award vests equally over three years on March 23, 2020, March 22, 2021 and March 22, 2022, subject to achievement of the relevant performance targets with the number of shares disclosed based on target performance.

(6) Service-based award vests equally over four years on March 23, 2020, March 22, 2021, March 22, 2022 and March 22, 2023.

## Option Exercises and Stock Vested During 2019 Fiscal Year

The following table sets forth as to each of the named executive officers information on exercises of options to purchase our common stock and the vesting of restricted shares of our common stock during 2019.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Joseph J. DePaolo	--	--	35,708	4,502,779
Scott A. Shay	--	--	28,565	3,602,047
John Tamberlane	--	--	23,805	3,001,811
Mark T. Sigona	--	--	23,805	3,001,811
Vito Susca	--	--	11,428	1,441,071

## POTENTIAL POST-EMPLOYMENT PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

### Involuntary Termination Payments

In 2004, we entered into an employment agreement and chairman agreement with two of our founders, Joseph J. DePaolo and Scott A. Shay, respectively, for the purpose of ensuring retention of such key founders who are critical to our continued success. Pursuant to the terms of such agreements, each founder is entitled to certain payments upon involuntary termination. There are no contractual provisions in effect which provide for payments upon termination for any of the other named executive officers. Each of our named executive officers, including Messrs. DePaolo and Shay, participate in our Legacy Plan, which is described below in the section entitled "Legacy Plan." Other than the aforementioned agreements, we are not party to any other employment, change in control, non-competition or severance agreement with any named executive officer.

#### *Joseph J. DePaolo*

Mr. DePaolo's employment agreement provides that, if his employment is terminated for any reason, he will be entitled to accrued amounts, as required by law, which include any earned but unpaid base salary and vacation time, any outstanding reasonable business expense incurred by him and continued insurance benefits, as well as vested benefits as required by the terms of any employee benefit plan or program. If termination occurs due to the death or "disability" of Mr. DePaolo, he will also be entitled to receive any accrued but unpaid bonuses for completed fiscal years. If we voluntarily terminate his employment for any reason other than "cause" or if he terminates his employment for "good reason," Mr. DePaolo or his estate will be entitled to both accrued but unpaid bonuses for completed fiscal years and an immediate lump sum severance payment equal to the product of the greater of (x) the amount of base salary that Mr. DePaolo would have received had he remained employed through the scheduled conclusion of the employment period, or (y) two times his annual base salary, plus a pro-rata bonus for the year of termination based on the average of his bonuses for the prior two fiscal years. Upon termination of employment for any reason other than by us for "cause," Mr. DePaolo will also be entitled to continued medical coverage for five years following his termination or until he becomes eligible for comparable coverage under another employer's health plans, if earlier.

#### *Scott A. Shay*

Mr. Shay's chairman agreement provides that, if his service is terminated for any reason, he will be entitled to accrued amounts, as required by law, which include any earned but unpaid base fees and vacation time, any outstanding reasonable business expense incurred by him and continued insurance benefits, as well as vested benefits as required by the terms of any employee benefit plan or program. If termination occurs due to the death or "disability" of Mr. Shay, he will also be entitled to receive any accrued but unpaid bonuses for completed fiscal years. If we voluntarily terminate his service for any reason other than "cause" or if he terminates his service for "good reason," Mr. Shay or his estate will be entitled to both accrued but unpaid bonuses for completed fiscal years and an immediate lump sum severance payment equal to the product of the greater of (x) the amount of base fees that Mr. Shay would have received had he remained Executive Chairman through the scheduled conclusion of his term, or (y) two times his annual base fees, plus a pro-rata bonus for the year of termination based on the average of his bonuses for the prior two fiscal years.



For purposes of each of these agreements, “cause” for termination includes any of the following: (i) the conviction of the executive of, or the entry of a plea of guilty or nolo contendere by the executive to, any felony or misdemeanor, excluding minor traffic violations; (ii) fraud, misappropriation or embezzlement by the executive; (iii) the executive’s willful failure or gross negligence in the performance of the executive’s assigned duties for the Bank, which continues for more than fifteen (15) calendar days following the executive’s receipt of written notice of such conduct; (iv) the executive’s breach of the executive’s fiduciary duty to the Bank; (v) any willful act or willful omission of the executive that reflects adversely on the integrity and reputation for honesty and fair dealing of the Bank; (vi) the breach by the executive of any material term of the agreement; or (vii) the disqualification of the executive by any state or federal regulatory agency or court from continued service to the Bank.

For purposes of each of these agreements, “good reason” for termination includes, without the executive’s consent, (i) a requirement by the Bank that the executive relocate his principal office for purposes of his service to the Bank to a location other than the Bank’s headquarters and, additionally for Mr. Shay, a relocation of his principal office for purposes of his service to the Bank to a location which is more than 35 miles further from his principal residence than is his current principal office for purposes of his service to the Bank; (ii) the Bank’s failure to pay the executive any base fee, base salary or other compensation or benefits to which he is entitled, other than an inadvertent failure which is remedied by the Bank within ten days after receipt of written notice thereof; (iii) a material breach of the agreement by the Bank (including a failure to nominate Mr. Shay for the Bank’s slate of directors or to appoint him Chairman) which is not remedied by the Bank within ten days after receipt of written notice thereof; (iv) a demotion of the executive, a reduction in his title or reporting responsibilities, or a material diminution of his duties; or (v) the issuance of a notice of non-renewal by the Bank other than in a case where cause for termination exists. Additionally, for Mr. DePaolo, “good reason” for termination is constituted by his ceasing to be a member of the Board of Directors.

For purposes of each of these agreements, “disability” means the inability of the executive, due to a physical or mental impairment, to perform his duties to the Bank, which impairment reasonably can be expected to cause the executive’s continued incapacity to perform his duties for a period of 120 consecutive days from the first date of the disability.

Messrs. DePaolo and Shay are required to deliver to the Bank, within 60 days after termination of employment, an effective release of claims against the Bank and related persons.

The following table sets forth arrangements that provide for payments to each of Messrs. DePaolo and Shay in connection with termination of his employment by the Bank without cause, termination of his employment by him for good reason, termination of his employment upon his death or termination of his employment by reason of his disability, assuming for such purposes that such termination took place on December 31, 2019 and there was no change of control of the Bank.

Name	Benefit	Amount Payable for Termination Without Cause or for Good Reason (\$)	Amount Payable by Reason of Death or Disability (\$) <sup>(1)</sup>
Joseph J. DePaolo	Cash Severance	4,673,898	2,939,795
	Continued Welfare Benefits	259,859	
Scott A. Shay	Cash Severance	2,523,971	1,436,142

(1) Amounts in this column represent annual cash bonus based on the assumed December 31, 2019 date of termination.

## Effect of a Change of Control in the Absence of a Termination of Employment

Pursuant to the 2004 Equity Plan and award agreements, upon a change of control of the Bank, each named executive officer's unvested restricted shares and performance-based restricted shares will immediately be fully vested and all restrictions thereon shall lapse. Single-trigger vesting of equity is a long-standing feature of our 2004 Equity Plan which is applicable to all participants. We believe such benefit appropriately rewards all of our key employees equally and ensures their retention in light of any uncertainty created by the possibility of a corporate transaction.

The following table sets forth the value of all restricted shares and performance-based restricted shares held by each named executive officer that would have become vested if a change of control of the Bank occurred on December 31, 2019, calculated based on the closing price of our common stock on the NASDAQ Global Select Market on such date, which was \$136.61.

Name	Value of Equity Vesting in Connection with a Change of Control (\$)	Gross-Up on Equity Acceleration (\$)
Joseph J. DePaolo	10,914,729	—
Scott A. Shay	9,141,941	—
John Tamberlane	7,700,159	—
Mark T. Sigona	7,700,159	—
Vito Susca	4,286,275	1,853,339

## Change of Control Termination

### Legacy Plan

We originally adopted the Legacy Plan in 2004 because we believed that it would serve as an effective retentive measure to provide the named executive officers with certain assurances regarding the benefits that will be payable if a Change of Control occurs and their employment is terminated upon certain termination scenarios, as described below. The plan, as amended through 2008, provides that covered executives will receive certain severance benefits if a “change of control” occurs and their employment is involuntarily terminated by the Bank (without cause or due to resignation for good reason) during a limited period in connection with such change in control, (i) if prior to such change of control at the request of a third party who has taken steps to effect a change of control or (ii) within three years after such change of control. The Compensation Committee has determined that participation in the Legacy Plan is not available to new executives who will only be offered severance protection, as determined necessary on a case by case basis.

“Good reason” is defined in the Legacy Plan to include (i) termination of employment by the executive following a diminution of duties, a decrease in compensation or benefits or a relocation, (ii) failure by the Bank to ensure any successor expressly assumes and honors the plan, and (iii) termination by a named executive officer for any reason during a window period from 90 to 120 days following a change of control.

“Cause” is defined in the Legacy Plan as either (i) the willful and continued failure of the executive to perform substantially his duties to the Bank after receiving a specific written demand for substantial performance, or (ii) the willful engaging by the executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Bank.

A “change of control” will be deemed to have occurred under the Legacy Plan upon (A) an acquisition by any person of 50% or more of either the outstanding shares or combined voting power of our securities, subject to certain exceptions; (B) a change in the majority of the members of our Board which is not approved by our pre-change Board; (C) a reorganization, merger or consolidation or sale or other disposition of all or substantially all of our assets, unless the beneficial owners of our common stock and voting securities will beneficially own at least 50% of the common stock and voting securities of the resulting corporation, no person will beneficially own more than 50% of the common stock or other voting securities of the resulting corporation (except to the extent such ownership existed before the applicable transactions) and at least a majority of the members of the Board of the resulting corporation were members of our Board prior to the transaction; or (D) approval by our shareholders of a complete liquidation or dissolution of the Bank.

Upon involuntary termination without cause or resignation for good reason during the protected period in connection with a change in control, the named executive officer will receive a lump sum cash payment equal to (i) the executive's accrued but unpaid base salary through the date of termination; (ii) a pro rata bonus for the year in which the termination occurs based on the greater of the executive's highest bonus earned in the last three full fiscal years and the executive's annual bonus for the most recently completed fiscal year less any previously paid bonus for such fiscal year plus any accrued vacation pay; (iii) an amount equal to two times the executive's base salary and highest annual bonus in the last three years; (iv) an amount equal to two times the fair market value of the largest single restricted stock grant made in the 36 months before the change of control, which value is determined immediately before the change of control; and (v) continued welfare and fringe benefits for two years following termination of employment (until age 65, in the case of Mr.

DePaolo for both himself and his dependents per his employment agreement) (or until the executive becomes eligible for comparable coverage under another employer's health plans, if earlier).

As previously disclosed, the Bank has not included any excise tax "gross up" provisions in any new contracts or arrangements entered into since 2007. The Legacy Plan includes a modified gross-up provision that provides that if reducing the participant's payments by less than 10% of the amount that is a "parachute payment" under Section 280G of the Code would eliminate the excise tax under Section 4999, we will reduce the participant's payments and not make any additional payment. Otherwise, where amounts payable under our Legacy Plan would subject a participant to an excise tax on account of Sections 280G and 4999 of the Code, the named executive officer will be entitled to an additional payment from us to make him or her whole, on an after-tax basis in respect of his or her severance payment.

As discussed above, in 2019, the Compensation Committee determined that it was in the best interests of the Bank and its shareholders to not eliminate the modified gross-up feature from the Legacy Plan or otherwise make any amendments to the plan in order to ensure continued deductibility of the payments thereunder. If the Legacy Plan is amended, certain of the payments thereunder may not be deductible because of the loss of transition relief otherwise applicable to certain arrangements in place as of November 2, 2017 under Section 162(m) of the Code.

Our Legacy Plan may at any time be terminated or amended by our Board, provided that the plan may not be terminated or amended in any manner which would impair the rights of any executive if such termination or amendment occurs in connection with, or in anticipation of, or following a change of control. The plan is binding on any successor to us, our assets or our businesses.

The following table sets forth amounts and benefits that would be payable to our named executive officers under our Legacy Plan in connection with the termination of their employment by the Bank without cause, or termination of their employment by them for good reason, assuming for such purposes that a change of control and such termination both took place on December 31, 2019.

Name	Benefit	Amount Payable for Termination Without Cause or for Good Reason (\$)
Joseph J. DePaolo	Cash Severance	20,140,458
	Continued Welfare Benefits	259,859
	Excise Tax Gross Up <sup>(1)</sup>	13,527,374
Scott A. Shay	Cash Severance	13,200,484
	Continued Welfare Benefits	88,229
	Excise Tax Gross Up <sup>(1)</sup>	11,395,724
John Tamberlane	Cash Severance	9,286,976
	Continued Welfare Benefits	30,761
	Excise Tax Gross Up <sup>(1)</sup>	8,607,542
Mark T. Sigona	Cash Severance	9,130,215
	Continued Welfare Benefits	50,293
	Excise Tax Gross Up <sup>(1)</sup>	7,237,378
Vito Susca	Cash Severance	6,105,812
	Continued Welfare Benefits	74,425
	Excise Tax Gross Up <sup>(1)</sup>	5,714,448

- (1) This gross-up amount is based on the cash severance and continued welfare benefits shown in the table above and the value of the vesting of all unvested restricted shares, including performance shares, held by the named executive officer on December 31, 2019. Calculations to estimate the excise tax due under the Internal Revenue Code and the related gross-up are complex and require a number of assumptions. This gross-up is calculated based on the assumption that the 280G excise tax rate is 20% and the cumulative rate for other taxes, including federal, state, and local income taxes, applicable for each affected executive officer ranges from 48.18% to 52.06%, that all shares subject to outstanding equity awards are treated as accelerated upon a change in control and included in the gross-up calculation in full, and the equity awards were valued at the closing price of our common stock on December 31, 2019 (\$136.61). This calculation is an estimate for proxy disclosure only.

## CEO Pay Ratio

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In accordance with Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) and Item 402(u) of SEC Regulation S-K, we are required to disclose the ratio of the annual total compensation of our CEO, Joseph J. DePaolo, to that of our median employee. For 2019, the pay ratio was calculated to be 75.5 to 1 when comparing the total annual compensation for Mr. DePaolo of \$7,830,542, as reported in the Summary Compensation Table, to our median employee’s total annual compensation of \$103,787 determined in the same consistent manner.

The process of determining the median employee began with selecting a date within the last three months of our fiscal year end to establish a population of employees. We selected December 31, 2019 as our identification date because it was the last day of our payroll year and it enabled us to make such identification in a reasonably efficient and economic manner. Our employee population on this date consisted of 1,504 individuals, all of whom were located in the U.S., and was composed mostly of full-time and part-time employees with a small number of temporary employees. No employees were excluded for purposes of this exercise other than independent contractors and consultants.

Total annual compensation was determined by applying a consistent compensation measure to all employees and using data reflected in our payroll records that included all elements of compensation paid in 2019 (salary, overtime pay, commissions, cash bonus, the value of vested restricted shares, dividends paid on nonvested restricted shares, 401(k) and HSA contributions, etc.). The salaries of permanent employees hired during 2019 who worked less than a year were annualized. Since a majority of our employees are geographically located in the New York metropolitan area, along with Mr. DePaolo, we did not make any cost of living adjustments in identifying the median employee. The resulting median employee’s actual total annual compensation does not differ materially from the amount used in the pay ratio calculation above.

Because the SEC rules for identifying the median of the annual total compensation of our employees and calculating the pay ratio based on that employee’s annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their specific employee populations and compensation practices, the pay ratio reported by other companies may not be comparable to our pay ratio, as other companies have different geographic profiles, have different employee populations and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their pay ratios.

## COMPENSATION OF DIRECTORS

The following table sets forth information with respect to the compensation of non-employee directors of the Bank in respect of fiscal year 2019.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards <sup>(1)(2)(3)(4)</sup> (\$)	Total (\$)
Alfonse M. D'Amato	63,000	320,850	383,850
Kathryn A. Byrne	68,500	320,850	389,350
Barney Frank	45,000	320,850	365,850
Judith A. Huntington	78,500	320,850	399,350
Jeffrey W. Meshel	57,000	320,850	377,850
Derrick D. Cephas	68,000	320,850	388,850

(1) On March 22, 2019, each non-employee director was granted 2,500 restricted shares of common stock at a fair value of \$126.10 per share, which will fully vest on March 23, 2020. The amounts in this column represent the aggregate grant date fair value of each of these restricted share awards computed in accordance with FASB ASC Topic 718. The foregoing are the only shares of restricted stock that were outstanding for each non-employee director as of December 31, 2019.

(2) There were no option grants made in 2019.

(3) Refer to Note 2(q) — Stock-Based Compensation to our consolidated financial statements in our Annual Report on Form 10-K filed with the FDIC for the fiscal year ended December 31, 2019 for a discussion of the assumptions used in determining aggregate grant date fair value of stock awards.

(4) This number includes 2,500 restricted shares of common stock at a fair value of \$126.10 per share and dividend payments of \$5,600 (\$0.56 per share) on February 15, 2019, May 15, 2019, August 15, 2019 and November 15, 2019.

Directors receive an annual fee of \$26,000, payable \$6,500 per quarter, an additional fee of \$1,500 for each Board meeting they attend (\$500 if they attend telephonically), and an additional fee of \$1,000 for each committee meeting they attend. The Chair of the Examining Committee receives an annual fee of \$12,500, and an annual fee of \$7,500 is paid to the Chair of each of the Compensation Committee and the Nominating Committee. Additionally, each independent director who serves on the Credit Committee receives an annual special director's fee of \$5,000, payable in full at the end of the first quarter of each year. The Lead Independent Director receives an annual fee of \$10,000. This payment shall be in addition to any Board of Directors, Committee or Committee Chair fees such director is entitled to receive. Directors are reimbursed for out-of-pocket expenses incurred in connection with attending meetings of the Board and its committees. In addition, each non-employee director received, on March 22, 2019, a grant of 2,500 restricted shares of common stock for services as a director in 2019-2020 which will fully vest on March 23, 2020.

Historically, the number of shares issued to our non-employee directors was a fixed amount that we determined to be reasonable based on the role and responsibilities of our directors. The level of the annual award was established in recognition of our board member's role in objective oversight, commitment to independent leadership, effective governance oversight, accountability to shareholders, holding management accountable and reviewing performance and compensation. Taking into account the significant increase in our stock price over the long-term, we recognize that such level has become too high. Accordingly, for 2020, we have determined to reduce the restricted share award for our board members by 40%, and instead of 2,500 restricted shares, non-employee directors will receive 1,500 shares for their service in 2020-2021.

## REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

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The following is the report of the Compensation Committee for the Bank's fiscal year ended December 31, 2019. The 2019 members of the Compensation Committee are three non-executive members of our Board: Alfonse M. D'Amato, Judith A. Huntington and Jeffrey W. Meshel. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis portion of this Proxy Statement with management, and recommended to the Board that it be included in the Bank's Annual Report on Form 10-K and the Bank's Proxy Statement.

### COMPENSATION COMMITTEE

Alfonse M. D'Amato (Chair)  
Judith A. Huntington  
Jeffrey W. Meshel

*The report of the Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Signature Bank filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this item therein by reference.*

## REPORT OF THE EXAMINING COMMITTEE

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The charter of the Examining Committee of the Board specifies that the purpose of the Examining Committee is to assist the Board in its oversight of:

- the integrity of the Bank's financial statements and other financial information provided to the Bank's shareholders, the public, and any stock exchange;
- the Bank's risk management processes and internal control;
- the Bank's ethics monitor and compliance with legal and regulatory requirements;
- the qualifications and independence of the Bank's internal auditors to provide assurance about the overall system of internal control; and
- the performance of the Bank's external independent registered public accounting firm.

The full text of the Examining Committee's charter is available on the Bank's website ([www.signatureny.com](http://www.signatureny.com)) under "Investor Relations." In carrying out its responsibilities, the Examining Committee, among other things:

- monitors preparation of quarterly and annual financial reports by the Bank's management;
- supervises the relationship between the Bank and its external independent registered public accounting firm, to ensure the independence and objectivity of the external audit process, including: having direct responsibility for their appointment, compensation, retention and oversight; reviewing the scope of their audit services; approving significant non-audit services; and confirming the independence of the independent internal auditors; and
- oversees management's implementation and maintenance of effective systems of internal and disclosure controls, including review of the Bank's policies and procedures relating to legal and regulatory compliance, ethics and conflicts of interests, review and approval of any material related person transactions, review of the Bank's internal auditing program, and review of the Bank's whistleblower and complaint hotline to allow employees to report concerns anonymously.

The Examining Committee met 12 times during 2019. The Examining Committee's meetings include, whenever appropriate, executive sessions with the Bank's independent registered public accounting firm and with the Bank's internal auditors, in each case without the presence of the Bank's management. There is a limit of five years on the term of the Chair of the Examining Committee.

As part of its oversight of the Bank's financial statements, the Examining Committee reviews and discusses with both management and the Bank's external independent registered public accounting firm all annual and quarterly financial statements prior to their issuance. During 2019, management advised the Examining Committee that each set of financial statements reviewed had been prepared in accordance with generally accepted accounting principles, and reviewed significant accounting and disclosure issues with the Examining Committee. These reviews included discussion with the external independent registered public accounting firm of matters required to be discussed pursuant to *Public Company Accounting Oversight Board Auditing Standard No. 16 (Communications with Audit Committees)*, including the quality of the Bank's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Examining Committee also discussed with KPMG LLP matters relating to its independence, including a review of audit and non-audit fees and the written disclosures and letter from KPMG LLP to the Examining Committee pursuant to Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*).

Taking all of these reviews and discussions into account, the Examining Committee recommended to the Board that the Board approve the inclusion of the Bank's audited financial statements in the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, for filing with the FDIC.

Judith A. Huntington, Kathryn A. Byrne and Derrick D. Cephas each qualify as an audit committee financial expert under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002.

### EXAMINING COMMITTEE

Judith A. Huntington (Chair)  
Kathryn A. Byrne  
Derrick D. Cephas

*The report of the Examining Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Signature Bank filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this item therein by reference.*

## REPORT OF THE RISK COMMITTEE

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The charter of the Risk Committee of the Board specifies that the purpose of the Risk Committee is to assist the Board in its oversight of:

- the risks inherent in the Bank and the control processes with respect to such risks;
- the assessment and review of credit, market, liquidity, operational, technology, data security and business continuity risks, among others; and
- the risk management activities of the Bank.

The full text of the Risk Committee's charter is available on the Bank's website ([www.signatureny.com](http://www.signatureny.com)) under "*Investor Relations*." In carrying out its responsibilities, the Risk Committee, among other things:

- further develops and articulates an understanding of risk and risk appetite within the Bank;
- enhances means of identifying, qualifying, quantifying, measuring, and monitoring key risk indicators (KRIs) or "dashboards" for each major risk sector;
- educates management and employees about their responsibilities to manage risks – develop "risk smart" thinking across the Bank and an ability to communicate what they are doing in regards to risk management and why; and
- reviews key management, systems, processes, and decisions so as to build risk assessment data into critical business systems.

The Risk Committee met four times during 2019. The Risk Committee occasionally requests that an officer or employee of the Bank, or special counsel or advisor, attend a meeting of the Risk Committee or meet with any members of, or consultant to, the Risk Committee. The Bank's Chief Auditor is a permanent invitee to all meetings.

### RISK COMMITTEE

Scott A. Shay (Chair)  
Joseph J. DePaolo  
Barney Frank  
Judith A. Huntington  
Derrick D. Cephas  
John Tamberlane

*The report of the Risk Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Signature Bank filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this item therein by reference.*



## REPORT OF THE CREDIT COMMITTEE

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The charter of the Credit Committee of the Board specifies that the purpose of the Credit Committee is to assist the Board in its oversight of:

- the credit and lending strategies and objectives of the Bank; and
- the credit risk management of the Bank, including internal credit policies and portfolio limits.

The full text of the Credit Committee's charter is available on the Bank's website ([www.signatureny.com](http://www.signatureny.com)) under "*Investor Relations*." In carrying out its responsibilities, the Credit Committee, among other things:

- periodically updates the Bank's credit policy manual to ensure the credit quality of the Bank's loan portfolio and to maintain profitability of the Bank;
- reviews the strategies to develop and achieve the credit and lending goals of the Bank;
- determines the lending authority levels for the Chief Credit Officer and other members of senior management;
- authorizes the Chief Credit Officer to establish and manage lending authority levels for employees of the Bank; and
- reviews reports provided by the Chief Risk Officer.

The Credit Committee met four times during 2019. The Credit Committee occasionally requests that an officer or employee of the Bank, or special counsel or advisor, attend a meeting of the Credit Committee or meet with any members of, or consultant to, the Credit Committee.

### CREDIT COMMITTEE

Scott A. Shay (Chair)  
Derrick D. Cephas  
Joseph J. DePaolo  
Jeffrey W. Meshel  
John Tamberlane

*The report of the Credit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Signature Bank filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this item therein by reference.*

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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### Procedures for Approval of Transactions with Related Persons

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We have adopted a written policy pursuant to which we review all relationships and transactions in which the Bank and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. As required under applicable rules, transactions that are determined to be directly or indirectly material to the Bank or a related person are disclosed in the Bank's Proxy Statement. Our Examining Committee is charged with reviewing and approving any related person transaction that is required to be disclosed.

### Loans to Related Persons

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During 2019, we had several outstanding loans or other extensions of credit to related parties, each of which was made in the ordinary course of business, of a type that we generally make available to the public, and on market terms, or terms that are no more favorable than those that we offer to the general public for such extensions of credit. Our loans to related parties are summarized as follows:

- We have made a loan to Mr. Tamberlane that was outstanding as of December 31, 2019, in an aggregate principal amount of \$100,000.
- Mr. D'Amato has a \$2,000,000 personal line of credit granted by us on February 12, 2018. There is no outstanding balance as of December 31, 2019.
- Mr. D'Amato has guaranteed a one-year variable rate term loan made by us to a third party. The balance of the loan was \$265,000 as of December 31, 2019.
- Mr. Meshel has a direct interest in Lux Brands LLC, which has a \$150,000 line of credit granted by us on December 18, 2019. The outstanding balance is \$100,000 as of December 31, 2019.

### Compensation Arrangements

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The daughter of President, Chief Executive Officer and Director Joseph DePaolo is a non-executive employee in our product development department. The aggregate value of compensation paid by us to Mr. DePaolo's daughter in 2019 was approximately \$130,000, including base salary and annual cash incentive bonus. There were no material differences between the compensation paid to Mr. DePaolo's daughter and the compensation paid to any other employees who hold comparable positions.

The son of Vice-Chairman and Director John Tamberlane is a non-executive employee in our digital assets solutions department. The aggregate value of compensation paid by us to Mr. Tamberlane's son in 2019 was \$275,000, including base salary and annual cash incentive bonus. He also received a \$25,000 grant of restricted Bank stock in 2019, which will vest over the next three years. There were no material differences between the compensation paid to Mr. Tamberlane's son and the compensation paid to any other employees who hold comparable positions.

FMR LLC ("Fidelity") is considered a "related person" of the Bank since it beneficially owns more than five percent of the Bank's outstanding common stock. Fidelity's indirect subsidiary, National Financial Services LLC ("NFS"), serves as the technology provider, executes and clears transactions, and carries accounts on behalf of our broker-dealer subsidiary, Signature Securities Group Corporation. In connection with these services, we paid NFS a fee of approximately \$675,000 in 2019. Transactions with NFS were entered into on an arm's length basis and contain customary terms and conditions.

## EQUITY INCENTIVE PLAN INFORMATION

The following table shows the total number of outstanding options and shares available for other future issuances of awards under our 2004 Equity Plan, our only existing equity compensation plan as of December 31, 2019.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights <sup>(2)</sup> (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	853,906	—	1,080,696
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>853,906</b>	<b>—</b>	<b>1,080,696</b>

(1) Shares indicated are total grants under the 2004 Equity Plan.

(2) Column (a) represents shares of Common Stock underlying outstanding awards of restricted stock. Because there is no exercise price associated with restricted stock, such equity awards are not included in the weighted-average exercise price calculation in column (b).

## PRINCIPAL AUDITOR FEES AND SERVICES

The Examining Committee, the Bank's audit committee, has appointed KPMG LLP as the Bank's independent auditors for the fiscal year ending December 31, 2020.

### Fees Incurred by Signature Bank for KPMG LLP

The following table shows the fees billed to the Bank for the audit and other services provided by KPMG LLP for fiscal 2018 and 2019:

	2018	2019
Audit Fees <sup>(1)</sup>	\$1,514,000	\$1,804,000
Audit-Related Fees	47,200	62,400
Tax Fees	—	—
All Other Fees <sup>(2)</sup>	—	315,000
Total	\$1,561,200	\$2,181,400

(1) Audit fees represent fees for professional services provided in connection with the audit of our annual financial statements and review of our quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.

(2) All other fees represent fees for professional services provided in connection with our November 2019 subordinated debt issuance.

The Examining Committee approves all audit-related and non-audit services not prohibited by law to be performed by the Bank's independent auditors. The Examining Committee determined that the provision of such services by KPMG LLP was compatible with the maintenance of such firm's independence in the conduct of its audit functions.

## ELECTION OF DIRECTORS (PROPOSAL 1)

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The Board is divided into three classes, with three directors per class and with each class being elected to a staggered three-year term. In light of the importance of continued stability to our business, which is an important strategic imperative that, among other things, enhances depositor security, the Board determined that it is in the best interests of shareholders to continue to have a classified board. At the 2020 Annual Meeting, three directors are nominated to serve as Class III Directors and the Board has endorsed such nominations. All of the nominees are currently directors of the Bank. The three directors nominated for election as Class III Directors at the 2020 Annual Meeting of Shareholders, each to serve a term ending at the 2023 Annual Meeting of Shareholders or until their respective successors have been elected and qualified, are Scott A. Shay, Joseph J. DePaolo and Barney Frank.

Directors not currently standing for re-election include Kathryn A. Byrne, Alfonse M. D'Amato and Jeffrey W. Meshel who are Class I Directors serving terms ending at the 2021 Annual Meeting, and John Tamberlane, Judith A. Huntington and Derrick D. Cephas, who are Class II Directors serving terms ending at the 2022 Annual Meeting.

The persons named as proxies intend (unless authority is withheld) to vote for the election of all of the nominees for directors. Information regarding director nominees is set forth below.

If at the time of the 2020 Annual Meeting any of the nominees is unable or unwilling to serve as a director of the Bank, the persons named in the proxy intend to vote for such substitutes as may be nominated by our Board. Our Board knows of no reason why any nominee for director would be unable to serve as director.

### **Required Vote**

A majority of the votes cast is required for the election of each director.

**The Board recommends a vote "FOR" the election of all of the nominees.**

## **RATIFICATION OF INDEPENDENT AUDITORS (PROPOSAL NO. 2)**

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The Examining Committee has selected the firm of KPMG LLP, an independent registered public accounting firm, as our independent auditors for the year ending December 31, 2020. KPMG LLP has audited our financial statements since our inception, and is in compliance with the requirements of the Sarbanes-Oxley Act of 2002 and applicable rules adopted by the SEC regarding mandatory audit partner rotation.

A representative of KPMG LLP will be present at the 2020 Annual Meeting, will be offered the opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions. In the event the appointment is not ratified, the Examining Committee will consider the appointment of another independent auditor.

### **Required Vote**

The affirmative vote of a majority of the votes cast is required for the approval of this Proposal 2.

**The Board recommends a vote “FOR” this proposal.**

## **ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROPOSAL NO. 3)**

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In compliance with Section 14A of the Exchange Act (which was added by the Dodd-Frank Act) and related rules, we are submitting to our stockholders for approval a non-binding resolution to ratify named executive officer compensation, as described in the Compensation Discussion and Analysis and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in this Proxy Statement. We are submitting this proposal because we believe that both we and our stockholders benefit from responsive corporate governance policies and constructive and consistent dialogue. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. This proposal gives our stockholders the opportunity to endorse or not endorse our executive pay program and policies through the following resolution:

“RESOLVED, that the shareholders approve, on an advisory basis, the Bank’s named executive officer compensation, as described in the Compensation Discussion and Analysis and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in the Proxy Statement for this meeting.”

In considering your vote, you are encouraged to read “Executive Compensation,” the accompanying compensation tables, and the related narrative disclosure. Because your vote is advisory, it will not be binding on the Board. However, the Board and the Compensation Committee expect to take into account the outcome of the vote when considering future executive compensation decisions to the extent they can determine the cause or causes of any significant negative voting results.

### **Required Vote**

The affirmative vote of a majority of the votes cast will be required for approval of this Proposal 3.

**The Board recommends a vote “FOR” this proposal.**

## APPROVAL OF THE STOCK REPURCHASE PLAN (PROPOSAL NO. 4)

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In 2018, the Board and stockholders of the Bank approved a program pursuant to which the Bank is authorized to repurchase, from the Bank's stockholders from time to time in open market transactions, shares of the Bank's common stock in an aggregate purchase amount of up to \$500 million (the "Stock Repurchase Program"). As of December 31, 2019, the Bank had repurchased a total of 2,296,585 shares of common stock for total consideration of \$279.1 million. Therefore, as of December 31, 2019, the remaining balance was \$220.9 million. In 2020, the Board 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 million (the "Amended Stock Repurchase Program"), effectively increasing the Stock Repurchase Program by \$279.1 million. The Bank is seeking approval of the Amended Stock Repurchase Program.

The corporate purpose of the Amended Stock Repurchase Program is to provide for treasury shares available for use in connection with awards under the Bank's Amended and Restated 2004 Long-Term Incentive Plan. Shares repurchased under the Amended Stock Repurchase Program may also be held in treasury for other future uses (although no such uses have been identified at this time) or may be cancelled and remain authorized and available for future issuance. The Bank further believes that the Amended Stock Repurchase Program will enhance market liquidity for the common stock. The Bank will not hold treasury stock on speculation about changes in its value.

Applicable New York law requires that the Amended Stock Repurchase Program be approved by the holders of two-thirds of the Bank's outstanding capital stock.

The Amended Stock Repurchase Program is also subject to approval of the Department of Financial Services of the State of New York (the "DFS") and the FDIC. The Bank submitted applications to both the DFS and the FDIC seeking re-approval of the Stock Repurchase Program; such approvals were received on September 11, 2019 and August 22, 2019, respectively. The Bank will submit applications to both the DFS and the FDIC seeking approval of the Amended Stock Repurchase Program. The Bank must submit a new application for approval annually. Implementation of the Amended Stock Repurchase Program is subject to any limitations imposed in connection with obtaining the regulatory approvals described above and to market conditions. Once commenced, the Bank may terminate the Amended Stock Repurchase Program at any time.

As of December 31, 2019, the Bank's Tier 1 Leverage Ratio was 9.60%, its Common Equity Tier One (CET1) Ratio was 11.62%, its Tier 1 Risk-Based Capital Ratio was 11.62% and its Total Risk-Adjusted Capital Ratio was 13.32%, all of which are significantly above FDIC "Well Capitalized" Standards. In its application to the FDIC to approve the Amended Stock Repurchase Program, the Bank will certify to the FDIC that it will maintain itself as a "well-capitalized" institution both before and after each repurchase of stock made pursuant to the Amended Stock Repurchase Program.

### **Required Vote**

Approval of Proposal 4 requires the affirmative vote of the holders of two-thirds of the outstanding shares of our common stock.

**The Board recommends a vote "FOR" this proposal.**



## OTHER MATTERS

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### Other Matters

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Management does not know of any other matters to be considered at the 2020 Annual Meeting. If any other matters do properly come before the meeting, persons named in the accompanying form of proxy intend to vote on those matters as recommended by the Board or, if no recommendation is given, in their own discretion.

### Annual Report on Form 10-K

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The Bank will provide upon request and without charge to each shareholder receiving this Proxy Statement a copy of the Bank's Annual Report on Form 10-K for fiscal year ended December 31, 2019, including the financial statements included therein, as filed with the FDIC on or about March 1, 2020.

### Available Information

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The Bank's Internet address is [www.signatureny.com](http://www.signatureny.com). We make available on our website under "*Investor Relations*" our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, reports made pursuant to Section 16 of the Securities Exchange Act and amendments to those reports as soon as reasonably practicable after we file such material with, or furnish it to, the FDIC. Our Code of Business Conduct and Ethics for our employees and the Board, and our Code of Ethics for the Principal Executive Officer and Senior Financial Officers are also available on our website under "*Investor Relations*" and in print upon request by any shareholder. The charters of our Compensation, Nominating, Risk and Examining Committees are also available on our website under "*Investor Relations*." In addition, the Bank will furnish copies of its annual report on Form 10-K and any exhibits thereto upon written request to Investor Relations, Signature Bank, 565 Fifth Avenue, New York, NY 10017.

### Stockholders Sharing the Same Address; Householding

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In accordance with notices to many stockholders who hold their shares through a bank, broker or other holder of record (a "street-name stockholder") and share a single address, only one annual report and proxy statement is being delivered to that address unless contrary instructions from any stockholder at that address were received. This practice, known as "householding," is intended to reduce the Bank's printing and postage costs. However, any such street-name stockholder residing at the same address who wishes to receive a separate copy of this Proxy Statement or accompanying the Bank Annual Report to Stockholders may request a copy by contacting the bank, broker or other holder of record, or the Bank by telephone at 646-822-1500, by email to [investorrelations@signatureny.com](mailto:investorrelations@signatureny.com) or by mail to Investor Relations, Signature Bank, 565 Fifth Avenue, New York, NY 10017. Additionally, this Proxy Statement and our Annual Report on Form 10-K are available on the Internet free of charge at [www.signatureny.com](http://www.signatureny.com) under "*Investor Relations*." The voting instruction sent to a street-name stockholder should provide information on how to request (1) householding of future Bank materials or (2) separate materials if only one set of documents is being sent to a household. If it does not, a stockholder who would like to make one of these requests should contact the Bank as indicated above.

## Shareholder Proposals

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We anticipate that the 2021 Annual Meeting of Shareholders (the “2021 Annual Meeting”) will be held in the first four months of 2021. Any shareholder who intends to present a proposal at the 2021 Annual Meeting, and who wishes to have such proposal included in the Bank’s Proxy Statement for the 2021 Annual Meeting, must follow the procedures prescribed in Rule 14a-8 of the Securities Exchange Act of 1934, as well as the provisions of our By-laws. To be considered timely, a proposal for inclusion in our Proxy Statement and form of proxy submitted pursuant to Rule 14a-8 for our 2021 Annual Meeting must be received by November 13, 2020. To be considered timely, a notice of shareholder nomination pursuant to the proxy access provisions of our By-laws must be received no later than November 13, 2020 and no earlier than October 14, 2020.

Under our By-laws, shareholder nominees or other proper business proposals must be made by timely written notice given by or on behalf of a shareholder of record of the Bank to the Corporate Secretary of the Bank. In the case of nomination of a person for election to the Board or other business to be conducted at the annual meeting of shareholders, notice shall be considered timely if it is received not less than 90 nor more than 120 days prior to the first anniversary the prior year’s annual meeting of shareholders. The notice is required to comply with each of the procedural and informational requirements set forth in our By-laws. The requirements in our By-laws are separate from, and in addition to, the requirements in Regulation 14A under the Securities Exchange Act of 1934 that a shareholder must meet in order to have a shareholder proposal included in the Bank’s Proxy Statement. To be considered timely under our By-laws, a proposal for business at our 2021 Annual Meeting must be received no earlier than December 23, 2020 and no later than January 22, 2021. For information about the policies of the Board relating to shareholder nominees, see “Consideration of Director Nominees” in this Proxy Statement.

By Order of the Board,



Patricia E. O'Melia  
*Corporate Secretary*

SIGNATURE BANK  
565 FIFTH AVENUE  
NEW YORK, NY 10017

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

KEEP THIS PORTION FOR YOUR RECORDS  
DETACH AND RETURN THIS PORTION ONLY

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

Nominees

	For	Against	Abstain
1a. Joseph J. DePaolo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b. Barney Frank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1c. Scott A. Shay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Board of Directors recommends you vote FOR proposals 2, 3 and 4.

	For	Against	Abstain
2. To ratify the appointment of KPMG LLP, an independent registered public accounting firm, as the independent auditors for the year ending December 31, 2020.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Advisory vote on executive compensation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of the Bank's share repurchase plan.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**NOTE:** In their discretion, the proxies are authorized to vote upon any other matters coming before the meeting.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

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Signature [PLEASE SIGN WITHIN BOX]

Date

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Signature (Joint Owners)

Date

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Annual Report, Notice & Proxy Statement are available at [www.proxyvote.com](http://www.proxyvote.com)

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### **SIGNATURE BANK**

**Proxy Solicited on Behalf of the Board of Directors  
For Annual Meeting of Shareholders to be Held on April 22, 2020**

The undersigned acknowledges receipt of the Notice of the Annual Meeting of Shareholders of Signature Bank (the "Bank") to be held at The Roosevelt Hotel, 45 East 45th Street, New York, NY, on April 22, 2020 at 9:00 a.m., local time. The undersigned hereby appoints Bruce Goldfarb, Alexandra Higgins and Lisa Patel from Okapi Partners as proxies with full power of substitution to vote all shares of common stock of the Bank of record in the name of the undersigned at the close of business on March 3, 2020 at the Annual Meeting or at any postponements or adjournments, hereby revoking all former proxies.

**IMPORTANT - This proxy, when properly executed and returned in a timely manner, will be voted in the manner directed on the reverse side. If no direction is made, this proxy will be voted in the manner recommended by the Board of Directors.**

**Continued and to be signed on reverse side**

**\*\*\* Exercise Your *Right* to Vote \*\*\***

**Important Notice Regarding the Availability of Proxy Materials for the  
Shareholder Meeting to Be Held on April 22, 2020**

**SIGNATURE BANK**

SIGNATURE BANK  
565 FIFTH AVENUE  
NEW YORK, NY 10017

**Meeting Information**

**Meeting Type:** Annual Meeting

**For holders as of:** March 03, 2020

**Date:** April 22, 2020

**Time:** 9:00 AM EDT

**Location:** The Roosevelt Hotel

45 East 45th Street

New York, NY 10017

You are receiving this communication because you hold shares in the above named company.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at [www.proxyvote.com](http://www.proxyvote.com) or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

**See the reverse side of this notice to obtain  
proxy materials and voting instructions.**

## — Before You Vote —

### How to Access the Proxy Materials

#### **Proxy Materials Available to VIEW or RECEIVE:**

1. Annual Report    2. Notice & Proxy Statement

#### **How to View Online:**

Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) and visit: [www.proxyvote.com](http://www.proxyvote.com).

#### **How to Request and Receive a PAPER or E-MAIL Copy:**

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

- 1) **BY INTERNET:**      [www.proxyvote.com](http://www.proxyvote.com)
- 2) **BY TELEPHONE:**    1-800-579-1639
- 3) **BY E-MAIL\*:**        [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com)

\* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 08, 2020 to facilitate timely delivery.

## — How To Vote —

### Please Choose One of the Following Voting Methods

**Vote In Person:** Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

**Vote By Internet:** To vote now by Internet, go to [www.proxyvote.com](http://www.proxyvote.com). Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX available and follow the instructions.

**Vote By Mail:** You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

## Voting items

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

**Nominees**

1a. Joseph J. DePaolo

1b. Barney Frank

1c. Scott A. Shay

The Board of Directors recommends you vote FOR proposals 2, 3 and 4.

2. To ratify the appointment of KPMG LLP, an independent registered public accounting firm, as the independent auditors for the year ending December 31, 2020.

3. Advisory vote on executive compensation.

4. Approval of the Bank's share repurchase plan.

**NOTE:** In their discretion, the proxies are authorized to vote upon any other matters coming before the meeting.



2019 ANNUAL REPORT



SIGNATURE BANK®

2019 - \$50 BILLION

2001 - \$50 MILLION



DEPOSITOR SAFETY

SINGLE POINT OF CONTACT

RELATIONSHIP-BASED BANKING

SEASONED BANKING TEAMS

CLIENT-CENTRIC MODEL

BALANCE SHEET DIVERSIFICATION

ORGANIC GROWTH



## COMPANY PROFILE

**Signature Bank** (Nasdaq:SBNY), member FDIC, is a full-service commercial bank with 31 private client offices located throughout the New York metropolitan area as well as in San Francisco, California. The Bank primarily serves privately owned businesses, their owners, and their senior managers. Signature Bank offers a broad range of business and personal banking products and services, as well as investment, brokerage, asset management, and insurance products and services through its subsidiary, Signature Securities Group Corporation, a licensed broker-dealer, investment adviser, and member FINRA/SIPC. In addition, Signature Bank's wholly owned specialty finance subsidiary, Signature Financial LLC, provides equipment financing and leasing.

## FINANCIAL HIGHLIGHTS

(in thousands)

	2015	2016	2017	2018	2019
Total assets	\$ 33,450,545	39,047,611	43,117,720	47,364,816	50,616,434
Total loans	23,792,564	29,043,165	32,612,539	36,423,127	39,109,623
Total deposits	26,773,923	31,861,260	33,439,827	36,378,773	40,383,207
Total average deposits	25,293,565	29,747,824	33,158,234	35,143,194	38,055,001
Shareholders' equity	2,891,834	3,612,264	4,031,691	4,407,140	4,769,823
Net interest income after provision for loan and lease losses	932,187	991,468	974,289	1,136,463	1,288,957
Non-interest income	37,104	42,750	36,041	23,278	27,948
Non-interest expense	341,214	376,771	435,066	486,278	529,269
Income before income taxes	628,077	657,447	575,264	673,463	787,636
Net income	\$ 373,065	396,324	387,209	505,342	588,926



## TO OUR SHAREHOLDERS



### Signature Bank Co-founders

(pictured from left to right):  
Joseph J. DePaolo, President and Chief Executive Officer;  
Scott A. Shay, Chairman of the Board; and,  
John Tamberlane, Vice Chairman

*As an institution born from entrepreneurial roots, Signature Bank's significant growth from \$50 million to \$50 billion in assets has resulted from its steadfast commitment to deliver exceptional client care through a distinctive single-point-of-contact model. Our foundation was built upon the provision of highly personalized care and service, delivered by teams of experienced private client banking professionals.*

This cohesive, client-focused structure has been the hallmark of our banking franchise since our inception in 2001 and continues to distinguish Signature Bank from other institutions, among clients and bankers alike. Our model encourages both the growth and retention of our client base.

Remaining true to our founding philosophy of catering to the commercial market, while employing a client-centric team approach, has enabled the Bank to realize consistent and significant organic growth.

As we enter our 20th year in business, this will continue to drive our future success.

Since our founding, the Bank has achieved extraordinary growth across all metrics we consider key to the institution, including deposits, loans and earnings. We attained an astounding average annual growth rate of 44 percent in assets throughout the past two decades.

As a result of the efforts of our nearly 100 private client banking teams, specialty divisions and wholly owned subsidiaries, Signature Bank remains among the leading deposit franchises in the country, as evidenced by deposit growth of 11 percent in 2019.

We created a culture of growing organically, meaning our clients chose us to meet their banking needs. They recognize the difference in the Signature Bank experience, and they stay with us over the long term. The longevity of our clients, along with the retention of our colleagues – many of whom have been with the Bank since day one – is a testament to the reputation we have garnered by providing

unequaled levels of financial care and service. This has allowed Signature Bank to continually stand out in a saturated commercial banking arena.

### Expanding Our Roots

We entered 2019 with a mission to transform our balance sheet and deliver steady growth. This objective embodied an ambitious, yet realistic, set of key goals, including further balance sheet diversification, a decrease in the sensitivity of our earnings to changing interest rates, and strengthening the Bank's liquidity position. Signature Bank ended the year making significant headway towards achieving all these goals. This was accomplished by generating core deposits through our investments in both our experienced banking team network as well as enhancing the infrastructure needed to best facilitate unparalleled client care.

Our investment in banking teams throughout our history has been both significant and impressive. Most recently, Signature Bank's Fund Banking Division, appointed in 2018 to provide financing and banking services to the private equity industry, positively impacted 2019 loan growth and was the largest contributor to our Commercial & Industrial (C&I) loan portfolio for the year. This division will continue to remain impactful in the years ahead, and is currently comprised of 11 professionals nationwide. Our Venture Banking Group, which joined in early 2019 with 30 seasoned bankers, shares our relationship-based commercial banking philosophy and will help further

differentiate Signature Bank in the industry. The team serves venture capital firms and the portfolio companies in which they invest, and their arrival marked our entry into serving banking clients throughout this fast-growing innovation economy. Finally, our newly appointed Specialized Mortgage Servicing Banking team, whose focus is on servicing commercial and residential mortgage servicers among other related companies, began contributing to deposit growth at year-end, after joining in July 2019.

The Bank experienced a strong year in 2019 in terms of overall deposit growth. The \$4.0 billion increase in deposits for the year was the largest rise in the past three. The 2019 third quarter was a record one, in which we posted \$1.75 billion in average deposit growth. The realization of these achievements was due to the deposit-generating efforts of our traditional private client banking teams, coupled with our West Coast expansion efforts, and the recent onboarding of our specialty, niche business lines. Together, these teams drove deposit growth which surpassed our expansion in loans, resulting in the Bank's improved liquidity position.

An important factor affecting our 2019 loan growth was the contribution of C&I lending. This was a dramatic shift from the Bank's dominant Commercial Real Estate (CRE) growth in the past. This change continues to fuel our transformation strategy and is driven by all of our C&I lending categories, offering diversity with respect to both industry and geography. These lending categories include contributions from the Fund Banking Division, the Venture Banking Group, our specialty finance subsidiary, Signature Financial LLC, our Asset-Based Lending (ABL) team, and the many legacy C&I teams spread throughout the Bank's New York footprint.

The Bank's focus on C&I lending served as the catalyst to loan growth and resulted in less exposure to fluctuations in interest rates. Variable-rate loans have meaningfully increased to 20 percent of our total loan portfolio, up from 12 percent one year ago. Since our CRE portfolio is mainly comprised of fixed-rate assets, the floating-rate nature of our C&I loans originated over the course of 2019 are complementary and provide balance as we strive to

evolve our asset mix over the long term. The addition of floating-rate assets is helping to stabilize revenues, should interest rates change over time. Additionally, our C&I lending verticals offer many opportunities to capture a greater percentage of fee income that tends to be more stable. We saw early results of this in 2019.

In addition to the new business lines, which are national in scope, 2019 also made way for further geographic expansion beyond our New York City roots. We opened a West Coast flagship office in downtown San Francisco, which is now home to five private client banking teams. We also extended the reach of Signature Financial through the addition of executive sales officers and leaders in new geographic markets. Currently, Signature Financial has a presence in 23 states.

Moreover, Signature Bank continued making advancements in technology to benefit the changing needs of our clients. We listen closely to our clients and aim to keep up with the evolving landscape so they can be well positioned for success in today's rapidly paced, ever-changing business environment.

The Bank values the investments it makes in technology and new systems today, better positioning it for tomorrow. To this end, in 2019, we instituted a cloud-based system to assist in paperless loan documentation, which will better facilitate the aforementioned geographic expansion the Bank is undergoing. We also continued investing in our payments architecture platform and new foreign exchange system.

At the onset of 2019, Signet™, the Bank's proprietary, blockchain-based digital payment platform, which affords clients the ability to make USD payments in real time 24/7/365, began gaining traction following its January 1st, 2019 debut. Several ecosystems have been onboarded onto the platform, such as those engaged in digital assets (e.g., exchanges, over-the-counter brokers, and market makers), wholesale energy, air cargo and fuel distribution, precious metals, and commercial real estate.

Lastly, we endeavor to enhance both our current product offerings as well as explore possibilities for new ones. We want to ensure our clients have a complete tool kit of products and services available to them, all of which potentially lead to greater fee income opportunities for the Bank.

## The Climb to \$50 Billion

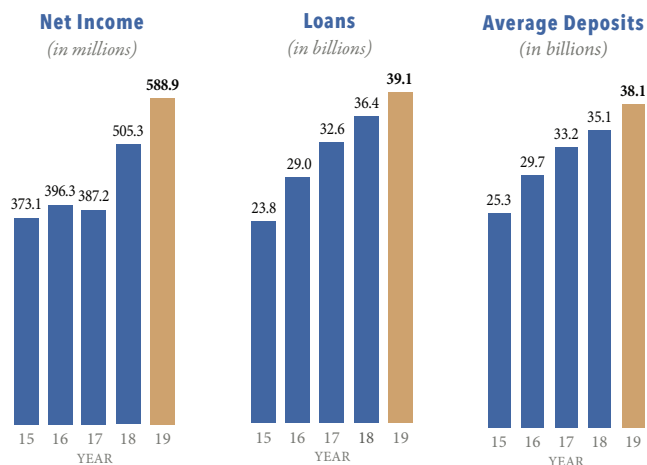
Signature Bank truly demonstrated its ability to execute during 2019, delivering yet another solid year of strong performance.

For the year ended December 31, 2019, net income grew 16.5 percent, or \$83.6 million, to \$588.9 million, or \$10.87 diluted earnings per share, versus \$505.3 million, or \$9.23 diluted earnings per share, in 2018. The increase in net income for 2019 is mainly the result of growth in net interest income, fueled by strong average deposit and loan growth, along with a stabilization of net interest margin (NIM). In fact, the fourth quarter of 2019 was the first one in which core NIM expanded since 2017, marking an important trend reversal after a 10-quarter decline.

Overall, 2019 deposit growth from 2018 was \$4.0 billion, or an 11.0 percent increase, with deposits reaching \$40.38 billion at year-end. Average total deposits for 2019 were \$38.06 billion, growing \$2.92 billion, or 8.3 percent, versus average total deposits of \$35.14 billion, for 2018. Additionally, non-interest-bearing deposits expanded \$1.0 billion, or 8.3 percent, representing 32.2 percent of total deposits. Our ability to continually grow non-interest-bearing deposits, which mostly span the operating accounts of our clients, demonstrates the strength of our institution.

In 2019, Signature Bank's loan portfolio increased \$2.69 billion, or 7.4 percent, to \$39.11 billion, versus loans of \$36.42 billion, for 2018. The 2019 growth in loans is primarily attributable to growth in C&I loans, including specialty finance. Total C&I loans expanded \$3.9 billion, or 48.8 percent, to \$11.89 billion at year-end 2019. Conversely, CRE loans declined \$1.08 billion, to \$26.57 billion, as of December 31, 2019. The de-emphasis on CRE growth resulted in a decrease in our concentration in that area to 48.0 percent, which dramatically fell from its peak of 59.3 percent at year-end 2015. Non-accrual loans at December 31, 2019 were \$57.4 million, representing 0.15 percent of total loans, and 0.11 percent of total assets, versus non-accrual loans of \$108.7 million, or 0.30 percent of total loans, at December 31, 2018.

The Bank's capital position remained strong in 2019. The \$200.0 million subordinated debt issuance completed in the 2019 fourth quarter further boosted our already-robust capital position. The Bank's capital ratios were



all well in excess of regulatory requirements. The Bank's tier 1 leverage, common equity tier 1 risk-based, tier 1 risk-based, and total risk-based capital ratios were 9.60 percent, 11.62 percent, 11.62 percent, and 13.32 percent, respectively, as of December 31, 2019. The Bank's risk-based capital ratios continue to reflect the relatively low risk profile of our balance sheet. The tangible common equity ratio, which we define as the ratio of total tangible common shareholders' equity to total tangible assets, remained strong at 9.34 percent.

The Bank continues to emphasize its focus on increasing shareholder value by returning capital to its shareholders. In 2019, the Bank declared a quarterly cash dividend of \$0.56 per share, or \$2.24, annually. Furthermore, the Bank repurchased 1.9 million shares of common stock in 2019, for a total of \$237.3 million.

In summary, our financial position and balance sheet continued to strengthen throughout 2019. Earnings per share increased 18 percent versus 2018 while our return on equity was 12.83 percent. Concurrently, we diversified our credit exposure through growth in C&I loans, decreased our interest rate risk by adding floating-rate loans, optimized our liquidity position by reducing our loan-to-deposit ratio, and used excess deposit flows to significantly pay down borrowings by \$1.30 billion. Finally, our efficiency ratio held at a very low 39.51 percent, despite a considerable investment in new teams and technology.

We believe our focus on a balanced approach to growth through the continued investment in seasoned banking teams is what brought us to \$50 billion in assets and is laying the groundwork for our future.



## Sowing Seeds for the Next \$50 Billion

2019 proved to be a notable year of growth and several firsts. We are extremely proud of achieving the milestone of reaching \$50 billion organically in total assets in just under 19 years in operation, from our start of \$50 million. We believe this to be a feat no other comparable institution has ever accomplished.

Throughout 2019, Signature Bank was recognized in several areas worth highlighting:

- For the fifth consecutive year, the Cigna Well-Being Award was bestowed upon the Bank for demonstrating a strong commitment to improving the health and well-being of our colleagues through our novel and expansive workplace wellness program.
- For the ninth consecutive year, the Bank was included on the annual *Forbes* Best Banks in America list.
- The New York legal community chose Signature Bank as #1 in the Business Bank, Private Bank and Attorney Escrow Services categories of the *New York Law Journal's* 2019 "Best of" 10th annual reader survey. We ranked in the top three in the Business Bank category for 10 consecutive years. With this year's ranking, Signature Bank once again earned a place in *New York Law Journal's* Hall of Fame, which features only those entities that placed in "Best of" for at least three of the past four years.
- For the second consecutive year, the national legal community voted Signature Bank #2 in the U.S. in three categories of *The National Law Journal's* 2020 "Best of" annual reader survey, including Business Bank, Private Bank, and Attorney Escrow Services.
- The Bank also ranked in the Top 40 of the Largest Banks in the U.S. by *S&P Global*\*.

We are proud to announce the upcoming issuance of our inaugural Environmental, Social, and Governance report. This can be found in the investor relations section of the

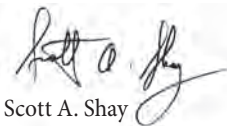
Bank's web site at <https://investor.signatureny.com>. In this detailed report, we take the opportunity to emphasize our commitment to several key audiences and factors, including our colleagues, good corporate citizenship, responsible lending practices, initiatives put forth companywide to contribute to environmental sustainability, and consideration of all our stakeholders, as upheld by our responsibility to sound corporate governance.

As we enter into our 20th year in operation, we honor all stakeholders who continue to make an imprint on Signature Bank's success. We are grateful for the outstanding and unrelenting efforts of our 1,500 colleagues nationwide. Their dedication to our clients has clearly made our relationship-based model flourish. We are indebted to our clients for their loyalty to this franchise and their personal bankers. We also extend our deepest thanks to our diverse Board of Directors for their guidance, and to our shareholders for the trust they place in our leadership, the Board, and this thriving institution.

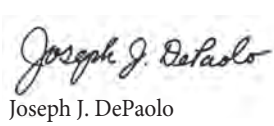
Signature Bank will continue to seek ways to remain relevant to our clients amid this ever-changing financial environment and technology-based economy. We will always stay nimble and prepared to meet our clients' evolving needs. By adhering to and relying upon our core founding values and approach, we stand ready to enter another phase of growth and welcome a new goal of reaching the next asset milestone. We promise to maintain the depositor-first-and-foremost commitment upon which the Bank was established and to which we have remained dedicated for the past 19 years.

We believe the best is yet to come for Signature Bank.

Respectfully,



Scott A. Shay  
Chairman of the Board



Joseph J. DePaolo  
President and  
Chief Executive Officer

\* Source: *S&P Global Market Intelligence*, as of December 31, 2019. Excludes other deposit-taking non-branch companies such as broker-dealers, credit card companies, insurers, and processors.





## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

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**Scott A. Shay**

Co-founder & Chairman of  
the Board of Directors  
Signature Bank

**Kathryn A. Byrne, CPA**

Partner  
MAZARS USA LLP

**Derrick D. Cephias**

Partner  
Weil, Gotshal & Manges LLP

**Alfonse M. D'Amato**

Managing Director  
Park Strategies, LLC  
Former U.S. Senator

**Joseph J. DePaolo**

Co-founder, President &  
Chief Executive Officer  
Signature Bank

**Barney Frank**

Former U.S. Congressman

**Judith A. Huntington**

President  
Pegasus Financial Concierge

**Jeffrey W. Meshel**

Co-founder  
Candor Capital Partners

**John Tamberlane**

Co-founder & Vice Chairman  
Signature Bank

### SENIOR MANAGEMENT

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**Scott A. Shay**

Co-founder & Chairman of  
the Board of Directors

**Joseph J. DePaolo**

Co-founder, President &  
Chief Executive Officer

**John Tamberlane**

Co-founder & Vice Chairman

**Mark T. Sigona**

Executive Vice President &  
Chief Operating Officer

**Eric R. Howell**

Executive Vice President -  
Corporate & Business Development

**Peter S. Quinlan**

Executive Vice President &  
Treasurer

**Vito Susca**

Executive Vice President &  
Chief Financial Officer

**Thomas Kasulka**

Executive Vice President &  
Chief Lending Officer

**Brian Twomey**

Senior Vice President &  
Chief Credit Officer

### STOCKHOLDER INFORMATION

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**Signature Bank**

565 Fifth Avenue  
New York, New York 10017  
646-822-1500  
866-SIG-LINE (866-744-5463)  
[www.signatureny.com](http://www.signatureny.com)

**External Counsel**

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, New York 10019  
212-373-3000  
[www.paulweiss.com](http://www.paulweiss.com)

**Independent Auditors**

KPMG LLP  
345 Park Avenue  
New York, New York 10154  
212-758-9700  
[www.kpmg.com](http://www.kpmg.com)

**Stock Transfer Agent & Registrar**

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, New York 11219  
718-921-8200  
[www.astfinancial.com](http://www.astfinancial.com)

**Stock Trading Information**

The Bank's common stock is traded on  
the Nasdaq Global Select Market under  
the symbol SBNY.

**Annual Meeting**

The annual meeting of stockholders will be  
held on April 22, 2020, 9:00 AM local time, at:

The Roosevelt Hotel  
45 East 45th Street  
New York, New York 10017  
212-661-9600  
[www.theroosevelthotel.com](http://www.theroosevelthotel.com)

**Form 10-K**

A copy of Signature Bank's Annual Report  
on Form 10-K filed with the FDIC is  
available without charge by download from  
[www.signatureny.com](http://www.signatureny.com), or by written request to:

Signature Bank  
Attention: Investor Relations  
565 Fifth Avenue  
New York, New York 10017

Certain statements in this Annual Report, and certain oral statements made from time to time by representatives of the Bank, that are not historical facts may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements are based on the Bank's current expectations, speak only as of the date on which they are made, and are susceptible to a number of risks, uncertainties, and other factors. The Bank's actual results, performance, and achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. For those statements, the Bank claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. See "Private Securities Litigation Reform Act Safe Harbor Statement," and "Part I, Item 1A. Risk Factors," appearing in the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, included herein.





SIGNATURE BANK®

565 Fifth Avenue  
New York, NY 10017

866-SIG-LINE (866-744-5463)  
www.signatureny.com

## LOCATIONS

### SIGNATURE BANK

#### New York

##### *Manhattan*

565 Fifth Avenue, 12th Floor  
New York, New York 10017

261 Madison Avenue  
New York, New York 10016

1400 Broadway, 26th Floor  
New York, New York 10018

485 Madison Avenue, 11th Floor  
New York, New York 10022

71 Broadway  
New York, New York 10006

950 Third Avenue, 9th Floor  
New York, New York 10022

200 Park Avenue South, Suite 501  
New York, New York 10003

1020 Madison Avenue, 4th & 5th Floors  
New York, New York 10075

50 West 57th Street, 3rd & 4th Floors  
New York, New York 10075

111 Broadway, 8th Floor\*  
New York, New York 10006

##### *Brooklyn*

26 Court Street  
Brooklyn, New York 11242

6321 New Utrecht Avenue  
Brooklyn, New York 11219

97 Broadway  
Brooklyn, New York 11249

9003 3rd Avenue  
Brooklyn, New York 11209

84 Broadway\*  
Brooklyn, New York 11249

##### *Queens*

36-36 33rd Street, 4th Floor  
Long Island City, New York 11106

78-27 37th Avenue, 2nd Floor  
Jackson Heights, New York 11372

89-36 Sutphin Boulevard, 3rd Floor  
Jamaica, New York 11435

118-35 Queens Boulevard, 4th Floor  
Forest Hills, New York 11375

##### *Bronx*

421 Hunts Point Avenue  
Bronx, New York 10474

##### *Staten Island*

2066 Hylan Boulevard  
Staten Island, New York 10306

1688 Victory Boulevard  
Staten Island, New York 10314

#### *Westchester County*

1C Quaker Ridge Road  
New Rochelle, New York 10804

360 Hamilton Avenue, 5th Floor  
White Plains, New York 10601

#### *Nassau County*

900 Stewart Avenue, 3rd Floor  
Garden City, New York 11530

53 North Park Avenue  
Rockville Centre, New York 11570

923 Broadway  
Woodmere, New York 11598

40 Cuttermill Road, Suite 501  
Great Neck, New York 11021

100 Jericho Quadrangle  
Jericho, New York 11753

#### *Suffolk County*

68 South Service Road  
Melville, New York 11747

360 Motor Parkway, Suite 150  
Hauppauge, New York 11788

#### Connecticut

##### *Greenwich*

75 Holly Hill Lane  
Greenwich, Connecticut 06830

#### California

##### *San Francisco*

201 Mission Street, 26th Floor  
San Francisco, California 94105

#### North Carolina

##### *Charlotte*

121 West Trade Street, Suite 1150  
Charlotte, North Carolina 28202

##### *Durham*

110 Corcoran Street, Suite 4-115\*\*  
Durham, North Carolina 27701

#### Colorado

##### *Denver*

1900 Sixteenth Street, Suite 850\*\*  
Denver, Colorado 80202

#### Georgia

##### *Atlanta*

756 W. Peachtree Street, Suite 4-120\*\*  
Atlanta, Georgia 30308

#### Illinois

##### *Chicago*

111 W. Illinois Street, Suite 5015\*\*  
Chicago, Illinois 60654

#### Maryland

##### *Fulton*

8115 Maple Lawn Boulevard, Suite 336\*\*  
Fulton, Maryland 20759

#### Texas

##### *Houston*

9 Greenway Plaza, Suite 3120\*\*\*  
Houston, Texas 77046

### SIGNATURE SECURITIES GROUP CORPORATION

#### New York

1177 Avenue of the Americas  
New York, New York 10036

### SIGNATURE FINANCIAL LLC

#### New York

225 Broadhollow Road, Suite 132W  
Melville, New York 11747

#### Washington

Seattle National Originations  
Office

12100 NE 195th Street, Suite 315  
Bothell, Washington 98011

### SIGNATURE PUBLIC FUNDING CORPORATION

#### Maryland

600 Washington Avenue, Suite 305  
Towson, Maryland 21204



SIGNATURE BANK®

To Our Shareholders:

On behalf of the Signature Bank management team and Board of Directors, we want to acknowledge the current uncertain times relating to Coronavirus Disease 2019 (COVID-19), much of which transpired since the enclosed materials were sent for production and mailing.

That said, as with past crises, we want to assure you that management remains dedicated to guiding the Bank through these unsettling times by focusing on the soundness of our conservative risk management and capital allocation practices, ensuring the safety of our 1,500 colleagues and their families, and supporting our clients and meeting their needs. The safety and health of all stakeholders remains paramount to our franchise.

Thank you for your continued support of Signature Bank, and above all, we wish you good health.

Respectfully,

**Scott A. Shay**  
Co-founder and  
Chairman of the Board

**Joseph J. DePaolo**  
Co-founder, President and  
Chief Executive Officer