

Signature Bank, N.A.

November 6, 2020

Dear Shareholder:

We hope this letter finds you safe and healthy as we all continue to persevere through the COVID-19 pandemic. We are pleased to report Signature Bank is well positioned to manage the current uncertainty, thanks in large part to the commitment and dedication of our great staff. Attached are our financial results. There are several unique characteristics of our financial position which are summarized in the following highlights.

As a result of the government stimulus programs, our balance sheet has grown significantly this year. Total assets were \$1.222 billion at September 30, 2020. Both our loan and deposit balances have grown, and our liquidity position is at record levels. We expect our liquidity to remain elevated at least through the first part of 2021, and we anticipate some decrease in deposits throughout next year.

We funded over \$220 million of PPP loans to local businesses which has temporarily increased our loan balances. We have begun accepting applications for loan forgiveness, and we are projecting that most of the \$220 million will be paid off in full by early 2021. Importantly, we have not experienced any deterioration in asset quality. We continue to build our loan loss reserve due to the uncertainty of the longer term effects of the pandemic, and our capital position is very strong.

Our net income totals \$10.4 million through September 30, 2020, compared to \$9.8 million for the comparable period last year. We will earn a significant amount of fee income from the PPP loan program which will be recognized as the SBA approves the loan forgiveness applications. The timing of the fee income recognition is difficult to predict, but we expect about \$6.5 million of fee income to be earned this year and in 2021. This will help offset the negative effect of the very low interest rate environment. We are projecting continued net interest margin pressure throughout 2021.

Maintaining focus on the fundamentals is our primary strategy during this uncertain time. We plan to maintain strong liquidity and capital positions. We will monitor our loan portfolio and continue to build our loan loss reserve to absorb potential loan charge-offs. Most importantly, we will continue to support our local business community and ensure the health and safety of our employees.

Thank you for your continued support of our bank. We wish you a safe and healthy fall and holiday seasons!

Best Regards,



Richard J. Brunner
Chairman & CEO



David A. Reed
President