FORM 10-Q

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON D.C. 20429

[X] Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended: June 30, 2004

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

For the transition period from ___________ to __________

FDIC Certificate Number 57053

SIGNATURE BANK

(Exact name of Company as specified in its charter)

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

(646) 822-1400

(Company's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). ( )Yes (X) No

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

CLASS OF COMMON STOCK	NUMBER OF SHARES OUTSTANDING – 08/01/04
$.01 Par Value	***26,210,000***

Signature Bank

Form 10-Q

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PART I. Financial Information
Item 1. Financial Statements

Signature Bank

Consolidated Statements of Financial Condition

(unaudited)

(in thousands, except per share amounts)

Assets	**June 30, 2004**	**December 31, 2003**
Cash and due from banks	$83,777	$52,337
Short-term investments	58,461	3,543
Total cash and cash equivalents	142,238	55,880
Securities available for sale ($445,705 pledged at June 30, 2004 and $299,632 at December 31, 2003)(Note 3)	1,637,893	1,201,100
Securities held to maturity (fair market value $318,832 at June 30, 2004 and $128,619 at December 31, 2003)(Note 3)	322,153	125,830
Federal Home Loan Bank stock	12,500	6,500
Loans held for sale	82,831	129,204
Loans, net (Note 4)	408,541	373,050
Premises and equipment, net	12,042	10,829
Accrued interest and dividends receivable	9,452	7,838
Other assets	52,925	25,620
Total assets	$2,680,575	$1,935,851
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits (Note 6):		
Non-interest bearing	$724,878	$528,389
Interest bearing	1,386,505	1,044,478
Total deposits	2,111,383	1,572,867
Accrued expenses and other liabilities	51,144	19,211
Securities sold under agreements to repurchase (Note 7)	75,000	60,000
Federal Home Loan Bank advances (Note 7)	185,000	130,000
Total liabilities	$2,422,527	$1,782,078
Shareholders' equity:		
Common stock, par value $.01; 39,000,000 shares authorized; 26,210,000 shares issued and outstanding at June 30, 2004 and 20,000,000 shares authorized, issued and outstanding at December 31, 2003	$262	$200
Preferred stock, par value $.01; 61,000,000 shares authorized and unissued at June 30, 2004	-	-
Additional paid-in capital	279,736	190,304
Accumulated deficit	(11,949)	(32,864)
Accumulated other comprehensive loss:		
Net unrealized depreciation on securities available for sale, net of tax effect	(8,927)	(3,867)
Unearned compensation	(1,074)	-
Total shareholders' equity	$258,048	$153,773
Total liabilities and shareholders' equity	$2,680,575	$1,935,851

See accompanying notes to unaudited consolidated financial statements.

Signature Bank

Consolidated Statements of Operations

(unaudited)

(in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2004	**2003**	**2004**	**2003**
Interest and dividend income:				
Loans held for sale	$ 660	$ 517	$ 1,138	$ 1,032
Loans, net	4,579	3,324	8,820	6,173
Securities available for sale	10,637	6,627	20,646	12,175
Securities held to maturity	2,245	1,115	3,854	2,211
Other investments	36	-	36	14
Federal Home Loan Bank stock	52	54	69	71
Short-term investments	72	79	116	159
Total interest income	$18,281	$11,716	$34,679	$21,835
Interest expense:				
Deposits	$ 3,285	$ 2,389	$ 6,195	$ 4,407
Securities sold under agreements to repurchase	169	91	315	403
Federal Home Loan Bank advances	570	226	996	247
Total interest expense	4,024	2,706	7,506	5,057
Net interest income before provision for loan losses	14,257	9,010	27,173	16,778
Provision for loan losses (Note 5)	403	514	1,210	871
Net interest income after provision for loan losses	$13,854	$8,496	$25,963	$15,907
Non-interest income:				
Commissions	$ 1,139	$ 651	$ 2,514	$ 1,119
Fees and service charges	1,552	1,285	2,933	2,364
Net gains on sales of securities and loans	8,322	964	9,442	2,010
Other income	70	62	238	278
Total non-interest income	$11,083	$2,962	$15,127	$5,771
Non-interest expenses:				
Salaries and benefits	$ 9,477	$ 6,312	$17,028	$ 12,473
Occupancy and equipment	1,354	1,244	2,596	2,414
Professional fees	499	190	886	404
Marketing	234	230	411	389
Data processing	583	324	1,208	568
Charges for services provided by affiliate	1,275	1,125	2,550	2,115
Depreciation and amortization	351	309	673	617
Other general and administrative	1,707	986	3,283	1,907
Total non-interest expenses	$15,480	$10,720	$28,635	$20,887
Income before income taxes	9,457	738	12,455	791
Income tax (benefit) expense	(8,816)	57	(8,460)	94
Net income	$18,273	$681	$20,915	$697
Earnings per share – basic (Note 8)	$0.70	N/A	$0.89	N/A
Earnings per share – diluted (Note 8)	$0.69	N/A	$0.89	N/A

See accompanying notes to unaudited consolidated financial statements.

Signature Bank

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended June 30, 2004

(unaudited)
(in thousands)

	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Unearned compensation	Total shareholders' equity
Balance at December 31, 2003	$ 200	190,304	(32,864)	(3,867)	-	$ 153,773
Common stock issued	62	-	-	-	-	62
Restricted stock activity, net	-	-	-	-	(1,074)	(1,074)
Additional paid-in capital	-	89,432	-	-	-	89,432
Comprehensive income:						
Net income	-	-	20,915	-	-	20,915
Net change in unrealized depreciation on securities available for sale	-	-	-	(5,060)	-	(5,060)
Total comprehensive income (loss)						15,855
Balance at June 30, 2004	$ 262	279,736	(11,949)	(8,927)	(1,074)	$ 258,048

See accompanying notes to unaudited consolidated financial statements.

Signature Bank

Consolidated Statements of Cash Flows

(unaudited)

(in thousands)

	Six months ended June 30, 2004	Six months ended June 30, 2003
Cash flows from operating activities:		
Net income	$ 20,915	$ 697
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	673	617
Provision for loan losses	1,210	871
Accretion of investment securities discount	(87)	(30)
Amortization of investment securities premium	9,466	6,195
Decrease in other investments, at fair market value	-	3,090
Net gains on sales of securities and loans	(9,442)	(2,010)
Net decrease in loans held for sale	46,441	22,680
Net increase in accrued interest and dividends receivable	(1,614)	(991)
Net increase in other assets	(20,063)	(14,723)
Net increase in accrued expenses and other liabilities	31,933	14,031
Total adjustments	58,517	29,730
Net cash provided by operating activities	79,432	30,427
Cash flows from investing activities:		
Purchase of securities available for sale	(772,511)	(693,400)
Proceeds from sales of securities available for sale	76,594	142,070
Maturities, redemptions, calls and principal repayments on securities available for sale	248,299	206,963
Purchase of securities held to maturity	(214,866)	(9,637)
Maturities, redemptions, calls and principal repayments on securities held to maturity	17,061	6,712
Increase of Federal Home Loan Bank stock	(6,000)	(4,150)
Increase in loans	(36,701)	(82,969)
Net purchases of premises and equipment	(1,886)	38
Net cash used in investing activities	(690,010)	(434,373)
Cash flows from financing activities:		
Net increase in non-interest bearing deposits	196,489	113,060
Net increase in interest bearing deposits	342,027	237,111
Net increase in borrowings	70,000	33,000
Common stock transactions	-	-
Additional paid in capital from common stock transactions	88,420	30,000
Net cash provided by financing activities	696,936	413,171
Net increase in cash and due from banks	86,358	9,225
Cash and cash equivalents at beginning of period	55,880	85,795
Cash and cash equivalents at end of period	$ 142,238	$ 95,020
Supplemental disclosures of cash flow information:		
Interest paid during the period	$ 7,300	$ 5,041
Income taxes paid during the period	820	192

See accompanying notes to unaudited consolidated financial statements.

Signature Bank
Notes to Consolidated Financial Statements
(unaudited)

In this quarterly report filed on Form 10-Q, where the context requires, the "Bank", the "Company", "Signature", "we", "us", and "our" refer to Signature Bank and its subsidiaries, including Signature Securities Group Corporation ("SSG"). The Bank is an indirect subsidiary of Bank Hapoalim, B.M.

1. Basis of Presentation and Consolidation

The accompanying unaudited consolidated financial statements of the Bank have been prepared in accordance with accounting principles generally accepted in the United States of America and practices within the banking industry. On March 22, 2004, SSG was contributed to the Bank by its parent company, Hapoalim U.S.A. Holding Company, Inc. and is consolidated into the Bank for all periods shown. All significant intercompany accounts and transactions have been eliminated in consolidation.

You should read these unaudited consolidated financial statements and related management's discussion and analysis together with the financial information in our Offering Circular dated March 22, 2004, previously filed with the Federal Deposit Insurance Corporation ("FDIC"). There have not been any significant changes in the factors or methodology used in determining our accounting estimates or applied in our critical accounting policies since December 31, 2003 that are material in relation to our financial condition or results of operations.

2. Critical Accounting Policies

We follow financial accounting and reporting policies that are in accordance with accounting principles generally accepted in the United States of America. The more significant of these policies are summarized in Note 2 to our combined financial statements that were included in our Offering Circular dated March 22, 2004, which was filed with the FDIC. Not all of these significant accounting policies require management to make difficult, subjective, or complex judgments. However, the policies noted below could be deemed to be our "critical accounting policies" pursuant to the definition given to this term by the Securities and Exchange Commission ("SEC") - those that are most important to the presentation of a company's financial condition and results, and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We consider our policies related to the allowance for loan losses as critical to our financial statement presentation. The total allowance for loan losses includes activity related to allowances calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 114, "*Accounting by Creditors for Impairment of a Loan,*" and SFAS No. 5, "*Accounting for Contingencies.*" The allowance for loan losses is established through a provision for loan losses charged to current earnings. The amount maintained in the allowance reflects management's continuing evaluation of the losses inherent in the loan portfolio. The allowance for loan losses is comprised of two components: specific reserves assigned to certain classified loans individually evaluated for impairment and reserves calculated based on formulas for pools of loans. Factors contributing to the determination of specific reserves include the creditworthiness of the borrower and, more specifically, changes in the expected future receipt of principal and interest payments and/or in the value of pledged collateral. A reserve is recorded when the carrying amount of the loan exceeds the discounted estimated cash flows using the loan's initial effective interest rate or

the fair value of the collateral for certain collateral dependent loans. For purposes of determining formulas for pools of loans, the portfolio is segregated by product types in order to recognize differing risk profiles among categories, and then further segregated by credit grades.

We also consider our policies related to income taxes to be critical to our financial statement presentation. We utilize the asset and liability method in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based upon the difference between the values of the assets and liabilities as reflected in the financial statements and their related tax basis using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled. As changes in tax law or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. A valuation reserve is provided against deferred tax assets unless it is more likely than not that such deferred tax assets will be realized.

3. Securities

The following table summarizes the components of our available for sale and held to maturity securities portfolios at June 30, 2004, and December 31, 2003:

	At June 30, 2004		**At December 31, 2003**	
(dollars in thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Available for sale				
US treasuries	$ 8,007	$ 7,985	$ 8,012	$ 8,029
US government agency	12,197	11,678	-	-
Mortgage backed securities- agency	506,524	500,924	408,626	406,961
Collateralized mortgage obligations- agency	778,211	771,870	471,115	469,256
Collateralized mortgage obligations- private	83,836	82,891	49,491	49,225
Other debt securities	254,826	252,469	262,439	262,467
Equity securities (1)	10,462	10,076	5,284	5,162
Total available for sale	$1,654,063	$1,637,893	$1,204,967	$1,201,100
Held to maturity				
US government agency	$ 104,776	$ 103,917	$ -	$ -
Mortgage backed securities-agency	49,341	48,463	5,025	4,990
Collateralized mortgage obligations- agency	34,216	33,568	-	-
Other debt securities	133,820	132,884	120,805	123,629
Total held to maturity	$322,153	$318,832	$125,830	$128,619

(1) Equity securities represent Community Reinvestment Act (CRA) qualifying AAA credit rated closed-end bond fund investments.

4. Loans, net

The types of loans at June 30, 2004 and December 31, 2003 (in thousands) are summarized as follows:

	June 30, 2004	December 31, 2003
Commercial and industrial	$258,726	$259,303
Other consumer	46,394	33,744
Mortgage loans on real estate	109,714	85,023
	414,834	378,070
Less:		
Unearned discount and net deferred fees	(782)	(697)
Allowance for loan losses	(5,511)	(4,323)
Net loans	$408,541	$373,050

Non-accrual loans at June 30, 2004 totaled $5.2 million. At December 31, 2003, the Bank had $5.1 million in non-accrual loans. There were no reduced rate loans at June 30, 2004 and December 31, 2003. The interest income that would have been earned on non-accrual loans, in accordance with their original terms, was approximately $62 thousand and $122 thousand for the three and six months ended June 30, 2004, respectively. Interest income of $6 thousand was actually realized on these loans for the quarter ended June 30, 2004 and there were no commitments to lend additional funds on non-accrual loans.

5. Allowance for Loan Losses

Changes in the allowance for loan losses (in thousands) are as follows:

	For the three months ended:			For the six months ended:		
	June 30, 2004	Dec. 31, 2003	June 30, 2003	June 30, 2004	Dec. 31, 2003	June 30, 2003
Balance at beginning of period	$5,111	$3,695	$2,725	$4,323	$3,223	$2,405
Provision for loan losses	403	623	514	1,210	1,158	871
Loans charged off	(16)	(18)	(30)	(39)	(93)	(67)
Recoveries of loans previously charged off	13	23	14	17	35	14
Balance at end of period	$5,511	$4,323	$3,223	$5,511	$4,323	$3,223

The Bank had impaired loans in the amount of $5.2 million with a related allowance for loan losses determined in accordance with SFAS No. 114 of $2.4 million at June 30, 2004. The Bank had impaired loans of $5.0 million at December 31, 2003. Interest income recorded on impaired loans for the quarter ended June 30, 2004 was $6 thousand. The amount of interest income that would have been recorded if the loans were not considered to be impaired during the three and six months ended June 30, 2004 was $60 thousand and $119 thousand, respectively. Average impaired loans for the quarter ended June 30, 2004 totaled $5.0 million.

6. Deposits

The types of deposits are summarized (in thousands) as follows at:

	June 30, 2004	December 31, 2003
Demand – non-interest bearing	$724,878	$528,389
NOW	169,560	158,147
Money market and other	1,110,957	835,154
Time deposits	105,988	51,177
Total	$2,111,383	$1,572,867

7. Borrowings

Securities Sold Under Agreements to Repurchase

The following is a summary of securities sold under agreements to repurchase at or for the three months ended:

(dollars in thousands)	June 30, 2004	December 31, 2003
Quarter end balance	$75,000	$60,000
Maximum amount outstanding at any month end	75,000	60,000
Average outstanding balance	55,330	32,391
Weighted average interest rate paid	1.22%	1.19%
Weighted average interest rate at period end	1.25%	1.18%

Federal Home Loan Bank Advances

The following is a summary of Federal Home Loan Bank (“FHLB”) advances at or for the three months ended:

(dollars in thousands)	June 30, 2004	December 31, 2003
Quarter end balance	$185,000	$130,000
Maximum amount outstanding at any month end	220,000	130,000
Average outstanding balance	162,495	82,565
Weighted average interest rate paid	1.40%	1.25%
Weighted average interest rate at period end	1.48%	1.27%

8. Earnings Per Share

The following table shows the computation of basic and diluted earnings per common and common equivalent share for the three and six months ended June 30, 2004:

(in thousands, except per share data)		Three months ended June 30, 2004		Six months ended June 30, 2004
Net income	$	18,273	$	20,915
Common and common equivalent shares:				
Weighted average common shares outstanding		26,210		23,399
Weighted average common equivalent shares		268		142
Weighted average common and common equivalent shares		26,478		23,541
Basic earnings per share	$	0.70	$	0.89
Diluted earnings per share	$	0.69	$	0.89

9. Stock-Based Compensation

Effective upon consummation of the Initial Public Offering on March 25, 2004, the Bank adopted its Long-Term Incentive Plan (refer to pages 79-82 "Equity Incentive Plan" of the Bank's Offering Circular for additional information). The Bank accounts for its stock-based compensation plan in accordance with the requirements specified in Statement of Financial Accounting Standards ("SFAS") No. 123, "*Accounting for Stock-Based Compensation*", as amended by SFAS No. 148, "*Accounting for Stock-Based Compensation – Transition and Disclosure*." As permitted under these statements, the Bank has elected to apply the intrinsic value method in accounting for its option plan in accordance with Accounting Principles Board ("APB") Opinion No. 25, "*Accounting for Stock Issued to Employees*." Accordingly, compensation expense has not been recognized in the accompanying statements of operations, other than for restricted stock awards. Restricted stock awards are recorded as unearned compensation, a component of shareholders' equity, at fair value at the date of grant, and are amortized to compensation expense over the awards' specified vesting periods. Under SFAS No. 148, issuers applying the intrinsic value method are also required to disclose the pro-forma impact on net income and earnings per share as if compensation expense had been determined using the fair value-based method as illustrated by the following table for the three and six months ended June 30, 2004:

(in thousands, except per share data)		Three months ended June 30, 2004		Six months ended June 30, 2004
Net income:				
As reported	$	18,273	$	20,915
Deduct: Stock-based employee compensation expense determined under fair value-based method, net of related tax effects		349		384
Pro-forma	$	17,924	$	20,531
Basic earnings per share:				
As reported	$	0.70	$	0.89
Pro-forma	$	0.68	$	0.88
Diluted earnings per share:				
As reported	$	0.69	$	0.89
Pro-forma	$	0.68	$	0.87

10. Segment Reporting

The Company operates two principal lines of business, the Bank and SSG. The Bank offers a wide variety of business and personal banking products and services. SSG offers investment, brokerage, asset management and insurance products and services.

The following tables present certain information regarding the reportable segments of the Company (in thousands):

The Bank

	At or for the three months ended June 30,		At or for the six months ended June 30,	
	2004	**2003**	**2004**	**2003**
Interest income	$18,273	$11,704	$34,664	$21,802
Interest expense	4,022	2,706	7,503	5,057
Fee and other income	9,945	2,330	12,597	4,502
Non-interest expense(1)	14,524	10,256	27,096	19,831
Income tax (benefit) expense	(8,816)	52	(8,460)	84
Net income	$18,488	$1,020	$21,122	$1,332
Total assets	$2,676,507	$1,505,084	$2,676,507	$1,505,084

SSG

	At or for the three months ended June 30,		At or for the six months ended June 30,	
	2004	**2003**	**2004**	**2003**
Interest income	$8	$12	$15	$33
Interest expense	2	-	3	-
Fee and other income	1,138	632	2,530	1,269
Fee income from the Bank	2,104	714	2,946	1,368
Non-interest expense(1)	3,463	1,692	5,695	3,295
Income tax expense	-	5	-	10
Net loss	$(215)	$(339)	$(207)	$(635)
Total assets	$4,257	$3,942	$4,257	$3,942

The following table sets forth reconciliations of net interest income, fee and other income, non-interest expense, net income (loss), and total assets for reportable segments to the unaudited consolidated financial statement totals:

	At or for the three months ended June 30,		**At or for the six months ended June 30,**	
	2004	**2003**	**2004**	**2003**
Net interest income:				
Bank	$14,251	$8,998	$27,161	$16,745
SSG	6	12	12	33
Consolidated net interest income	$14,257	$9,010	$27,173	$16,778
Fee and other income:				
Bank	$9,945	$2,330	$12,597	$4,502
SSG	3,242	1,346	5,476	2,637
Eliminations	(2,104)	(714)	(2,946)	(1,368)
Consolidated fee and other income	$11,083	$2,962	$15,127	$5,771
Non-interest expense (1):				
Bank	$14,524	$10,256	$27,096	$19,831
SSG	3,463	1,692	5,695	3,295
Eliminations	(2,104)	(714)	(2,946)	(1,368)
Consolidated non-interest expense	$15,883	$11,234	$29,845	$21,758
Net income (loss):				
Bank	$18,488	$1,020	$21,122	$1,332
SSG	(215)	(339)	(207)	(635)
Consolidated net income	$18,273	$681	$20,915	$697
Total assets:				
Bank	$2,676,507	$1,505,084	$2,676,507	$1,505,084
SSG	4,257	3,942	4,257	3,942
Eliminations	(189)	(545)	(189)	(545)
Consolidated total assets	$2,680,575	$1,508,481	$2,680,575	$1,508,481

(1) For purposes of this disclosure, non-interest expense includes the provision for loan losses.

11. New Accounting Standards

In November 2003, the Emerging Issues Task Force ("EITF") of the FASB reached a consensus in Issue No. 03-1, "*The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*," that certain quantitative and qualitative disclosures should be made for securities accounted for under Statement 115, "*Accounting for Certain Investments in Debt and Equity Securities*" and FASB Statement No. 124, "*Accounting for Certain Investments Held by Not-for-Profit Organizations*" that are impaired at the balance sheet date but for which an other-than-temporary impairment has not been recognized. We have incorporated this new EITF disclosure requirement into the consolidated financial statements included in our Offering Circular dated March 22, 2004, previously filed with the FDIC.

The EITF provided additional guidance in a consensus reached in March 2004 that extends the disclosure requirements of Issue No. 03-1 to "cost method investments" which can be defined as investments in equity securities that are both

outside the scope of FASB Statement No. 115 and not accounted for by the equity method. In addition, it sets forth several additional disclosure requirements for cost method investments. The new guidance does not apply to us at this time and has no impact on our June 30, 2004 unaudited consolidated financial statements.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, *"Accounting for Stock-Based Compensation – Transition and Disclosure."* SFAS No. 148 amends SFAS No. 123, *"Accounting for Stock-Based Compensation"* to provide alternative transition methods for a voluntary change to the fair value method of accounting for stock-based employee compensation. It also amends SFAS No. 123's disclosure provisions to require prominent disclosure in annual and interim financial statements about the method used and the effect on reported results. The transitional requirements of SFAS No. 148 were effective for fiscal years ending after December 15, 2002. Refer to Note 9 for disclosure regarding the pro-forma effect of applying SFAS Nos. 123 and 148 on net income and earnings per share.

In March 2004, the SEC issued Staff Accounting Bulletin ("SAB") No. 105, *"Application of Accounting Principles to Loan Commitments."* SAB No. 105 summarized the views of the SEC staff regarding the application of generally accepted accounting principles to loan commitments accounted for as derivative instruments, in accordance with SFAS No. 149, "*Accounting for Certain Financial Instruments and Hedging Activities*" which amends and clarifies FASB Statement No. 133, "*Accounting for Derivative Instruments and Hedging Activities,*" and issued specific guidance on measuring their fair value. It must be applied for commitments to originate mortgage loans to be held for sale entered into after March 31, 2004. However, SAB No. 105 does allow for loan commitments that have been entered into on or before March 31, 2004 to be accounted for using existing accounting policies. The adoption of SAB No. 105 has not impacted our unaudited consolidated financial statements.

The recently issued revised SFAS No. 132, "*Employers' Disclosures about Pensions and Other Postretirement Benefits,*" FASB Interpretation No. 46R, "*Consolidation of Variable Interest Entities,*" SFAS No. 150, "*Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity,*" EITF Issue No. 03-6, "*Participating Securities and the Two-Class Method under FASB Statement 128,*" and FASB Staff Position FAS 106-2, "*Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003,*" do not apply to us at this time. Therefore, these standards have no effect on our unaudited consolidated financial statements at June 30, 2004.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This document and oral statements made from time-to-time by our representatives contain forward-looking statements that are subject to risks and uncertainties. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "may," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances including those related to:

- earnings growth;
- revenue growth;
- future acquisitions;
- investment performance of investments made by us;
- loan origination volume;
- non-interest income levels, including fees from product sales;
- credit performance on loans made by us;
- tangible capital generation;
- margins on sales or securitizations of loans;
- market share;
- expense levels;
- results from new business initiatives; and,
- other business operations and strategies.

As you read and consider forward-looking statements, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include but are not limited to:

- prevailing economic conditions;
- changes in interest rates, loan demand, real estate values, and competition, which can materially affect origination levels and gain on sale results in our mortgage business, as well as other aspects of our financial performance;
- the level of defaults, losses and prepayments on loans made by us, whether held in portfolio, sold in the whole loan secondary markets or securitized, which can materially affect charge-off levels, required credit loss reserve levels and our periodic valuation of our retained interests from securitizations we may engage in;
- changes in accounting principles, policies, and guidelines;
- adverse changes or conditions in capital or financial markets, which can adversely affect our ability to sell or securitize loan originations on a timely basis or at prices which are acceptable to us, as well as other aspects of our financial performance;

- actions by rating agencies and the effects of these actions on our businesses, operations and funding requirements;
- risks and uncertainties related to acquisitions, including related integration and restructuring activities, and changes in our mix of product offerings;
- changes in any applicable law, rule, regulation or practice with respect to tax or legal issues, whether of general applicability or specific to our subsidiaries and us; and,
- other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services.

You should keep in mind that any forward-looking statement made by us speaks only as of the date on which we make it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements after the date on which they are made. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this document or elsewhere might not occur.

Company Background

We are a New York-based full service commercial bank with eleven private client offices located in the New York metropolitan area serving the needs of privately owned business clients and their owners and senior managers. We offer a wide variety of business and personal banking products and services through the Bank as well as investment, brokerage, asset management and insurance products and services through our subsidiary, SSG, a licensed broker-dealer and investment adviser. Through SSG, we also purchase, securitize and sell the guaranteed portions of U.S. Small Business Administration (“SBA”) loans.

Financial Summary

At or for the: (dollars in thousands, except ratios and per share amounts)	**Three months ended**		**Six months ended**	
	June 30, 2004	**June 30, 2003**	**June 30, 2004**	**June 30, 2003**
Per share:				
Net income - basic	$ 0.70	N/A	$ 0.89	N/A
Net income – diluted	$ 0.69	N/A	$ 0.89	N/A
Average shares outstanding - basic	26,210	20,000	23,399	20,000
Average shares outstanding - diluted	26,478	20,000	23,541	20,000
Book value	$ 9.85	$ 6.21	$ 9.85	$ 6.21
Selected financial data:				
Return on average total assets	3.14 %	0.20 %	1.95 %	0.11 %
Return on average shareholders' equity	29.83 %	2.20 %	20.40 %	1.28 %
Efficiency ratio	61.09 %	89.54 %	67.70 %	92.63 %
Yield on interest earning assets	3.35 %	3.68 %	3.46 %	3.75 %
Cost of deposits and borrowings	0.78 %	0.87 %	0.78 %	0.88 %
Net interest margin	2.62 %	2.83 %	2.71 %	2.88 %

	June 30, 2004	**March 31, 2004**	**December 31, 2003**	**June 30, 2003**
Capital Ratios:				
Tier one leverage	11.42 %	12.93 %	9.08 %	8.86 %
Tier one risk-based	29.27 %	31.76 %	21.67 %	21.15 %
Total risk-based	29.87 %	32.40 %	22.26 %	21.71 %

Net Income

Net income for the second quarter of 2004 was $18.3 million, or $0.69 diluted earnings per share compared with net income of $681 thousand for the second quarter of 2003. Returns on average shareholders’ equity and average total assets for the second quarter of 2004 were 29.83% and 3.14%, respectively, compared to 2.20% and 0.20% for the second quarter 2003.

Net income for the six months ended June 30, 2004 was $20.9 million, or $0.89 diluted earnings per share compared to $697 thousand for the same period last year. Returns on average shareholders’ equity and average total assets for the six months ended June 30, 2004 were 20.40% and 1.95%, respectively, compared to 1.28% and 0.11% for the same period last year.

Net Interest Income

Net interest income is the difference between interest earned on assets and interest incurred on liabilities.

The following table presents an analysis of net interest income by each major category of interest-earning assets and interest-bearing liabilities for the **three months** ended June 30, 2004 and June 30, 2003:

(dollars in thousands)	June 30, 2004			June 30, 2003		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Interest-Earning Assets						
Short-term investments	$ 32,376	$ 72	0.90%	$ 28,131	$ 79	1.11%
Investment securities	1,671,042	12,970	3.12%	929,539	7,796	3.36%
Commercial loans and commercial mortgages	304,532	3,480	4.60%	212,660	2,689	5.07%
Residential mortgages and consumer loans	111,010	1,099	3.98%	56,281	635	4.53%
Loans held for sale	73,744	660	3.60%	50,242	517	4.13%
Total interest-earning assets	$2,192,704	$18,281	3.35%	$1,276,853	$11,716	3.68%
Non-interest-earning assets	147,101			105,584		
Total assets	$2,339,805			$1,382,437		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
NOW and interest-bearing checking	$ 167,797	$ 283	0.68%	$128,714	$ 274	0.86%
Money market accounts	983,079	2,607	1.07%	598,714	1,916	1.28%
Certificates of deposits	100,943	395	1.58%	44,067	199	1.81%
Non-interest-bearing deposits	592,881	--	--	384,109	--	--
Total deposits	$1,844,700	$3,285	0.72%	$1,155,604	$2,389	0.83%
Borrowings	217,825	739	1.36%	90,866	317	1.40%
Total deposits and borrowings	$2,062,525	$4,024	0.78%	$1,246,470	$2,706	0.87%
Other non-interest-bearing liabilities and shareholders' equity	277,280			135,967		
Total liabilities and shareholders' equity	$2,339,805			$1,382,437		
Net interest income / interest rate spread		$14,257	2.57%		$9,010	2.81%
Net interest margin			2.62%			2.83%
Ratio of average interest-earning assets to average interest-bearing liabilities			106.31%			102.44%

The following table presents an analysis of net interest income by each major category of interest-earning assets and interest-bearing liabilities for the **six months** ended June 30, 2004 and June 30, 2003:

(dollars in thousands)	June 30, 2004			June 30, 2003		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Interest-Earning Assets						
Short-term investments	$27,441	$ 116	0.85%	$ 28,472	$ 159	1.11%
Investment securities	1,522,139	24,605	3.25%	847,590	14,471	3.44%
Commercial loans and commercial mortgages	299,820	6,874	4.61%	198,649	5,062	5.14%
Residential mortgages and consumer loans	101,787	1,946	3.84%	50,348	1,111	4.45%
Loans held for sale	64,711	1,138	3.54%	48,908	1,032	4.26%
Total interest-earning assets	$2,015,898	$34,679	3.46%	$1,173,967	$21,835	3.75%
Non-interest-earning assets	143,391			112,036		
Total assets	$2,159,289			$1,286,003		
Interest-Bearing Liabilities						
Interest-bearing deposits:						
NOW and interest-bearing checking	$ 161,766	$ 557	0.69%	$124,319	$ 556	0.90%
Money market accounts	929,624	4,983	1.08%	544,488	3,417	1.27%
Certificates of deposits	81,295	655	1.62%	47,882	434	1.83%
Non-interest-bearing deposits	559,220	--	--	360,074	--	--
Total deposits	$1,731,905	$6,195	0.72%	$1,076,763	$4,407	0.83%
Borrowings	198,296	1,311	1.33%	85,225	650	1.54%
Total deposits and borrowings	$1,930,201	$7,506	0.78%	$1,161,988	$5,057	0.88%
Other non-interest-bearing liabilities and shareholders' equity	229,088			124,015		
Total liabilities and shareholders' equity	$2,159,289			$1,286,003		
Net interest income / interest rate spread		$ 27,173	2.68%		$ 16,778	2.87%
Net interest margin			2.71%			2.88%
Ratio of average interest-earning assets to average interest-bearing liabilities			104.44%			101.03%

Interest income and interest expense are affected both by changes in the volume of interest-earning assets and interest-bearing liabilities and by changes in yields and interest rates. The tables below analyze the impact of changes in volume (changes in average outstanding balances multiplied by the prior period's rate) and changes in interest rate (changes in interest rate multiplied by the prior period's average balance). Changes that are caused by a combination of interest rate and volume are allocated proportionately to both changes in volume and changes in interest rate. For purposes of calculating the changes in our net interest income, non-performing assets are included in the appropriate balance and shown as a change due to rate.

	Three Months Ended June 30, 2004 vs. June 30, 2003		
(dollars in thousands)	Change Due to Rate	Change Due to Volume	Total Change
Interest Income			
Short-term investments	$ (18)	$ 11	$ (7)
Investment securities	(1,046)	6,220	5,174
Commercial loans and commercial mortgages	(371)	1,162	791
Residential mortgages and consumer loans	(154)	618	464
Loans held for sale	(99)	242	143
Total interest income	$ (1,688)	$ 8,253	$ 6,565
Interest Expense			
NOW and interest-bearing checking	$ (75)	$ 83	$ 8
Money market accounts	(539)	1,230	691
Certificates of deposits	(60)	257	197
Total deposits	(674)	1,570	896
FHLB and repurchase agreement borrowings	(21)	443	422
Total interest expense	$ (695)	$ 2,013	$ 1,318

(dollars in thousands)	Six Months Ended June 30, 2004 vs. June 30, 2003		
	Change Due to Rate	Change Due to Volume	Total Change
Interest Income			
Short-term investments	$ (37)	$ (6)	$ (43)
Investment securities	(1,383)	11,517	10,134
Commercial loans and commercial mortgages	(765)	2,577	1,812
Residential mortgages and consumer loans	(300)	1,135	835
Loans held for sale	(228)	334	106
Total interest income	$ (2,713)	$ 15,557	$ 12,844
Interest Expense			
NOW and interest-bearing checking	$ (167)	$ 167	$ -
Money market accounts	(850)	2,417	1,567
Certificates of deposits	(83)	304	221
Total deposits	(1,100)	2,888	1,788
FHLB and repurchase agreement borrowings	(202)	863	661
Total interest expense	$ (1,302)	$ 3,751	$ 2,449

During the second quarter of 2004, net interest income was $14.3 million, an increase of $5.3 million, or 58.2%, compared to $9.0 million in the second quarter of 2003. Net interest income for the six months ended June 30, 2004 was $27.2 million, an increase of $10.4 million or 62% over the comparable period last year. The increase in net interest income over the three and six month periods was driven by the growth in earning assets and low cost of funds more than offsetting the asset yield compression.

Total average investment securities were $1.67 billion for the second quarter of 2004, compared to $929.5 million for the second quarter of 2003. The overall yield on the securities portfolio was 3.12% in the current quarter, down 24 basis points from the comparable quarter a year ago. Total average investment securities for the six months ended June 30, 2004 were $1.52 billion compared to $847.6 million for the comparable period last year. The overall yield on the securities portfolio for the six months ended June 30, 2004 was 3.25%, down 19 basis points from the same period last year. Yield compression was the result of a temporary increase in premium amortization due to accelerated prepayments in the mortgage related securities portfolio. Our portfolio primarily consists of high quality government agency mortgage-backed securities and collateralized mortgage obligations. To mitigate extension risk, we continued our overall strategy of purchasing relatively short duration securities that, by their nature, have lower yields. At quarter end, the baseline average duration of our investment securities portfolio was approximately 1.86 years. Market interest rates were generally trending upward later in the second quarter of 2004 and if this trend continues, our short duration portfolio should provide sufficient liquidity for us to reinvest in higher yielding investments.

Total commercial loans and commercial mortgages averaged $304.5 million in the second quarter of 2004, increasing $91.9 million or 43.2% when compared to averages for the second quarter of 2003. The average yield on this portfolio decreased to 4.60%, down 47 basis points from the same period last year. Total commercial loans and commercial mortgages averaged $299.8 million for the six months ended June 30, 2004, an increase of $101.2 million or 51% from the same period last year. The average yield on this portfolio decreased to 4.61%, down 53 basis points from the same period last year. The decrease in the average yield for the three and six month periods is primarily attributable to the decline in general market rates. In order to assist in monitoring and controlling credit risk, we only lend to existing clients with whom we have deposit and/or brokerage relationships. We target our lending to privately owned businesses, their owners and their senior managers, generally high net worth individuals who meet our credit standards. We primarily extend variable rate loans in which the interest rate fluctuates with a predetermined indicator such as the U.S. prime rate or LIBOR. Our use of variable rate loans is designed to reduce our exposure to risks associated with interest rate fluctuations.

We are an active participant in the SBA loan and SBA pool secondary market by purchasing, securitizing, and selling the guaranteed portions of SBA Section 7(a) loans. Once purchased, we typically warehouse the guaranteed loan for approximately 30 to 180 days, and classify them as loans held for sale. From this warehouse we aggregate like SBA loans by similar characteristics into pools for securitization to the secondary market. The timing of the purchase and sale of such loan pools drives the quarter-to-quarter fluctuations in average balances of loans held for sale, which were $73.7 million and $50.2 million for the second quarters of 2004 and 2003, respectively. For the six months ended June 30, 2004 and 2003, average balances of loans held for sale were $64.7 million and $48.9 million, respectively. Most SBA Section 7(a) loans have adjustable rates and float at a spread to the prime rate.

Average total deposits and borrowings grew $816 million, or 65.5%, to $2.06 billion during the second quarter of 2004 when compared to the second quarter of 2003. Overall cost of funding was 78 basis points during the second quarter of 2004, decreasing 9 basis points from 87 basis points in the second quarter of 2003. Average total deposits and borrowings for the six months ended June 30, 2004 were $1.93 billion, an increase of approximately $770 million, when compared to $1.16 billion for the same period last year.

Average non-interest bearing demand deposits in the second quarter of 2004 grew to $593 million, an increase of $209 million, or 54%, when compared to the second quarter of 2003. Non-interest bearing demand deposits continue to represent a significant component of our deposit mix, representing 34.3% of all deposits at June 30, 2004. Additionally, average NOW and interest-bearing checking and money market accounts totaled $1.15 billion during the second quarter of 2004, an increase of $423 million, or 58%, when compared to the second quarter of 2003. These core deposits have provided us with a source of stable, low cost funding which has positively affected our net interest margin and income. While the benefits of increasing core deposits have been mitigated somewhat by the low interest rate environment that has been sustained virtually throughout our short, three-year history, these deposits have enhanced the value of our franchise and are expected to further enhance net interest income in a rising interest rate environment. Average certificates of deposits, which were relatively shorter-term in nature and totaled $100.9 million for the second quarter of 2004, carried an average cost of 1.58%. Certificates of deposits continued to represent a relatively small percentage of total deposits, 5.02%, as of quarter end. We do not actively compete for such time deposits as our experience dictates that clients in this market are typically attracted by rate as opposed to service, thereby making such deposits more costly than our average core deposits.

Average total borrowings increased $126.9 million to $217.8 million in the second quarter of 2004, compared to $90.9 million during the second quarter of 2003. The average cost of total borrowings was 1.36% and 1.40% for the second quarter of 2004 and 2003, respectively. For the six months ended June 30, 2004, average total borrowings were $198.3 million compared to $85.2 million for the same period last year, an increase of $113.1 million or 132.7%. The average cost of total borrowings was 1.33% and 1.54% for the six months ended June 30, 2004 and 2003. The decreases in average cost of total borrowings for both the three and six month periods ended June 30, 2004, compared to the same periods in 2003, are mostly attributable to the decrease in prevailing market interest rates during the first six months of 2004. The increase in average borrowings in both the three and six month periods reflects capital utilization strategy implemented upon completion of the IPO equity offering. Management selectively positioned short-term borrowings to fund investment purchases in anticipation of near-term deposit growth. At June 30, 2004, total borrowings represent approximately 11% of all funding.

Allowance for Loan Losses

The allowance for loan losses increased $1.2 million to $5.5 million for the six months ended June 30, 2004 from $4.3 million at December 31, 2003. This increase is primarily due to an increase in loans outstanding and the seasoning of the portfolio.

The following table allocates the allowance for loan losses based on our judgment of potential losses in each respective area according to our methodology for allocating reserves to the specific reserves or pooled formula reserves categories.

	June 30, 2004		December 31, 2003	
(dollars in thousands)	Amount	% to Total Allowance by Category	Amount	% to Total Allowance by Category
Risk rated commercial and industrial loans and commercial real estate loans	$2,878	52.22%	$2,371	54.85%
Specific reserve on classified loans	2,407	43.68	1,748	40.43
1-4 family mortgages	69	1.25	52	1.20
Home equity lines of credit	35	0.64	24	0.56
Consumer and other	122	2.21	128	2.96
Total	$5,511	100.00%	$4,323	100.00%

Non-Interest Income

For the second quarter of 2004, non-interest income rose approximately 274.2% to $11.1 million versus $3.0 million in the second quarter of 2003. This increase was primarily the result of $8.3 million in gains on sale of SBA pool and SBA interest only strip securities in the second quarter of 2004 compared to $380 thousand in the same period last year.

The Company saw an increase of 75%, or $488 thousand, to $1.1 million in commissions from brokerage activities for the second quarter of 2004 when compared to the same period last year. This increase is primarily the result of an institutional relationship with our ultimate parent company, Bank Hapoalim B.M., to execute equity and fixed income trades on their behalf in the U.S. markets. This relationship generated revenues of $328 thousand in the second quarter of 2004, compared to none in the same period last year.

Gains on sale of available for sale securities, excluding SBA pools and interest only securities, decreased $585 thousand to $2 thousand for the second quarter of 2004 when compared to $587 thousand for the second quarter of 2003.

For the six months ended June 30, 2004, non-interest income increased approximately $9.3 million, or approximately 162%, to $15.1 million compared to $5.8 million for the same period last year. This increase was primarily the result of $9.1 million in gains on sale of SBA pool and SBA interest only strip securities for the six months ended June 30, 2004 compared to $702 thousand in the same period last year.

Also contributing to the increase in non-interest income, commissions from brokerage activities for the six months ended June 30, 2004 increased $1.4 million, or 124.7%, when compared to the same period last year. This increase is mostly due to the institutional relationship with Bank Hapoalim B.M., which generated revenues of $810 thousand for the six months ended June 30, 2004 versus zero in the comparable period last year.

For the six months ended June 30, 2004, gains on sale of available for sale securities, excluding SBA pools and interest only securities, decreased $1.0 million to $294 thousand when compared to $1.3 million for the same period last year.

Non-Interest Expense

Non-interest expense increased $4.8 million to $15.5 million for the quarter ended June 30, 2004 from $10.7 million for the comparable quarter last year.

The increase in non-interest expense was driven mostly by increases in salaries and benefits which were $9.5 million for the second quarter of 2004, an increase of $3.2 million from the same period last year. This increase was mostly caused by the addition of several new private client groups and variable compensation related to increased profitability in our SBA activities. At June 30, 2004, the Company had eleven private client locations and 275 employees compared to 9 private client locations and 239 employees at June 30, 2003.

Professional fees for the second quarter of 2004 were $499 thousand, an increase of $309 thousand, or 162.6%, when compared to the same period last year. This increase was mostly due to an increase in audit fees and tax services of $126 thousand as a result of the Bank becoming a public company at the end of the first quarter of 2004. Data processing expenses were $583 thousand for the quarter, an increase of $259 thousand when compared to the same period last year. This increase is attributable to volume-related operational costs required for our growing business. The increase in other general and administrative expenses of $721 thousand for the second quarter, when compared to the same period last year, is mostly attributable to an increase of $247 thousand in insurance premiums due to increased client balances and activity from the prior period and from recently becoming a public company. The increase was also caused by an increase of $122 thousand in clearing and execution fees related to the increase in brokerage activity and an increase of $127 thousand for cash management services.

For the six months ended June 30, 2004, non-interest expense was $28.6 million, an increase of $7.7 million, or approximately 37%, when compared to the same period last year. The increase for the six month period was mostly due to an increase in salaries and benefits of $4.6 million due to the addition of several new private client groups and variable compensation related to increased profitability in our SBA activities.

Professional fees for the six months ended June 30, 2004 were $886 thousand, an increase of $482 thousand, or 119.3%, when compared to the same period last year. This increase was caused mostly by an increase in audit fees and tax services of $297 thousand as a result of the Bank becoming a public company at the end of the first quarter of 2004. Data processing expenses were $1.2 million for the six months ended June 30, 2004, an increase of $640 thousand when compared to the same period last year. This increase is mostly due to volume-related operational costs required for our growing business. Other general and administrative expenses increased $1.4 million to $3.3 million for the six months ended June 30, 2004, when compared to the same period last year. This increase is mostly attributable to an increase of $326 thousand in insurance premiums due to increased client balances and activity from the prior period and from recently becoming a public company. The increase was also caused by an increase of $260 thousand in clearing and execution fees related to the increase in brokerage activity and an increase of $252 thousand for cash management services.

Income Taxes

The provision for income taxes for the six months ended June 30, 2004 and 2003 was $1.4 million and $94 thousand, respectively, exclusive of deferred income tax credits. The current period provision was calculated based on statutory tax rates, average assets and alternative minimum taxes. Prior period provisions were calculated based on average assets and alternative minimum taxes.

During the quarter ended June 30, 2004, the Bank recognized a deferred tax asset in the amount of $17.1 million in accordance with FASB 109, "Accounting for Income Taxes." Of the total amount, $9.8 million was recognized in current period earnings with the remainder of $7.3 million recognized in other comprehensive income as it related to the mark-to-market of available for sale securities. The valuation allowance was deemed no longer necessary since it was determined by the Bank that it is more likely than not that the deferred tax asset will be utilized in future periods. Refer to the "Deferred Tax Asset" section for additional information.

The components of income tax expense (benefit) for the six months ended June 30, 2004 are set forth in the following table (in thousands):

Current income tax expense (benefit):		
Current provision	$	1,388
Deferred income tax expense (benefit):		
Upfront fees	$	(263)
Start-up costs		(475)
Loan loss provision		(2,328)
Net operating loss (NOL) carryforward		(5,956)
Charitable contributions carryforward		(161)
Federal alternative minimum tax (AMT)		(314)
Depreciation		(280)
Unearned compensation – restricted shares		(71)
Total deferred income tax expense (benefit)	$	(9,848)
Total income tax expense (benefit)	$	(8,460)

Financial Condition

Securities Portfolio

Securities are identified as either held to maturity or available for sale based upon various factors, including asset/liability management strategies, liquidity and profitability objectives and regulatory requirements. Held to maturity securities are carried at cost, adjusted for amortization of premiums or accretion of discounts. Available for sale securities are securities that may be sold prior to maturity, based upon asset/liability management decisions. Securities identified as available for sale are carried at fair value. Unrealized gains or losses on available for sale securities are recorded in accumulated other comprehensive income in shareholders' equity. Amortization of premiums or accretion of discounts on mortgage-backed securities is periodically adjusted for estimated prepayments.

At June 30, 2004, our total investment portfolio was $1.96 billion compared to $1.33 billion at December 31, 2003. The $630 million increase is mostly the result of the investment of increased deposits. Our portfolio is primarily comprised of government agency mortgage-backed securities and collateralized mortgage obligations. Approximately 63% of the mortgage-backed portfolio consists of adjustable and hybrid securities with the remaining 37% of our portfolio consisting of fixed rate balloon and seasoned 15-year structures. The collateralized mortgage obligations portion of our portfolio primarily consists of short duration planned amortization and current pay sequential structures. The commercial mortgage backed portfolio primarily consists of AAA rated securities collateralized by commercial and multifamily real estate with subordinated credit enhancement. Our asset-backed portfolio primarily consists of intermediate term fixed rate AAA and variable rate A rated credit card, auto and home equity collateralized securities. Overall, approximately 94% of our securities portfolio had a AAA credit rating.

Unrealized depreciation on the available for sale securities, net of tax effect went from $3.9 million at December 31, 2003 to $8.9 million at June 30, 2004. This change was predominantly the result of the rise in prevailing interest rates since year end.

The weighted average duration of the investment portfolio was 1.86 years at June 30, 2004, compared to 1.71 years at December 31, 2003. The weighted average life of the investment portfolio was 2.65 years at June 30, 2004, compared to 2.78 years at December 31, 2003. The estimated effect of possible changes in interest rates on our earnings and equity is discussed under "Item 3. Quantitative and Qualitative Disclosure About Market Risk."

Loan Portfolio

The following table presents information regarding the composition of our loan portfolio as of June 30, 2004 and December 31, 2003.

	June 30, 2004		December 31, 2003	
(dollars in thousands)	Amount	Percentage	Amount	Percentage
Commercial real estate	$40,845	8.33 %	$33,446	6.72 %
Residential mortgages	68,846	14.03	51,547	10.37
Commercial & industrial	258,294	52.65	259,303	52.15
Commercial - SBA guaranteed portion	76,259	15.54	119,156	23.97
Home equity lines of credit	35,087	7.15	24,249	4.88
Consumer	11,307	2.30	9,494	1.91
Sub-total/Total	$490,638	100.00 %	$497,195	100.00 %
Premiums & deferred fees and costs	6,245		9,382	
Total	$496,883		$506,577	

Total loans decreased by $9.7 million to $496.9 million at June 30, 2004, from $506.6 million at December 31, 2003. Our total loan-to-deposit ratio, excluding loans held for sale, decreased to 19.3% at June 30, 2004 from 23.7% at December 31, 2003. This is primarily due to the decrease in commercial SBA loans that are held for sale and were securitized and sold during the second quarter of 2004 and the significant increase in deposits, which outpaced loan growth. Premiums on loans decreased in-line with the decrease in loans held for sale, as these premiums were netted with the loan sale proceeds. Additionally, commercial and industrial loans held for investment, decreased slightly by $1.0 million mostly due to the anticipated pay-off of one $20 million loan. We continue to restrict lending to existing clients with whom we have deposit and/or brokerage relationships to assist us in monitoring and controlling credit risk.

Deferred Tax Asset

During the quarter ended June 30, 2004, Signature Bank recognized deferred tax assets ("DTA") in the amount of $17.1 million in accordance with FASB 109, "Accounting for Income Taxes." Of the total amount, $9.8 million was recognized in current period earnings with the remainder of $7.3 million recognized in other comprehensive income ("OCI"). The deferred tax assets are reflected in other assets in the Consolidated Statements of Financial Condition.

The components of the DTA at June 30, 2004 are set forth in the following table (in thousands):

Components reflected in current period earnings:		
Upfront fees	$	263
Start-up costs		475
Loan loss provision		2,328
Net operating loss (NOL) carryforward		5,956
Charitable contributions carryforward		161
Federal alternative minimum tax (AMT)		314
Depreciation		280
Unearned compensation – restricted shares		71
Total DTA in current period earnings	$	9,848
Component reflected in OCI:		
Mark-to-market on available for sale securities	$	7,242
Total DTA	$	17,090

Deferred tax assets arise from expected future tax benefits attributable to temporary differences and carryforwards. Temporary differences are defined as differences between the tax basis of an asset or liability and its reported amount in the financial statements that will result in taxable or deductible amounts in future years. Carryforwards are defined as deductions or credits that cannot be currently utilized for tax purposes that may be carried forward to reduce taxable income or taxes payable in a future year.

After considering all available positive and negative evidence pursuant to Paragraph 25 of FASB 109, management feels that a valuation allowance is no longer necessary since it is more likely than not that the deferred tax asset will be utilized. Some of the positive evidence considered was as follows: strong core deposit growth; 18 consecutive months of profitability and 3 quarters of "core" profitability with the expectation of profitability in future quarters; further validation of the budget and management's assumptions resulting in greater confidence towards forward-looking earnings; the hiring of several new teams and the opening of one new office during the second quarter; and the general upward trend in interest rates with the expectation that this trend will continue. Based on the aforementioned positive evidence, the entire deferred tax asset was recognized with the understanding that the need for a valuation allowance would be monitored in the future.

Deposits

We offer a variety of deposit products to our clients at interest rates that are competitive with other banks. Our business deposit products include commercial checking accounts, money market accounts, lockbox accounts, cash concentration accounts, and other cash management products. Our personal deposit products include checking accounts, money market accounts and certificates of deposit. We also allow our personal and business deposit clients to access their accounts, transfer funds, pay bills and perform other account functions over the Internet and through ATM

machines. At June 30, 2004, we maintained approximately 27,377 deposit accounts representing approximately $2.1 billion in total deposits compared to approximately $1.6 billion at December 31, 2003. This increase is primarily due to the deposit gathering efforts by the Banks established private client teams. Additionally, prior to quarter end, the Bank received approximately $100 million of escrow deposits from September 11 related settlements that may leave prior to the third quarter close.

The following tables set forth information regarding the composition of our deposits and deposit products as of June 30, 2004 and December 31, 2003:

	June 30, 2004		**December 31, 2003**	
(dollars in thousands)	**Balance**	**Percentage of Total**	**Balance**	**Percentage of Total**
Personal demand deposit accounts	$67,871	3.21%	$67,906	4.32%
Business demand deposit accounts	657,007	31.12	460,483	29.28
Rent security	9,302	0.44	9,994	0.64
Personal NOW	6,015	0.28	6,527	0.41
Business NOW	163,545	7.75	151,620	9.64
Personal money market deposit accounts	323,853	15.34	267,283	16.99
Business money market deposit accounts	777,801	36.84	557,877	35.47
Business certificates of deposit	90,454	4.28	36,312	2.31
Personal certificates of deposit	15,535	0.74	14,865	0.94
Total	$2,111,383	100.00%	$1,572,867	100.00%

	June 30, 2004		**December 31, 2003**	
(dollars in thousands)	**Balance**	**Percentage of Total**	**Balance**	**Percentage of Total**
Demand deposit accounts	$724,878	34.33%	$528,389	33.59%
NOW	169,560	8.03	158,147	10.06
Money market deposit accounts	1,110,957	52.62	835,154	53.10
Certificates of deposit	105,988	5.02	51,177	3.25
Total	$2,111,383	100.00%	$1,572,867	100.00%

	June 30, 2004		**December 31, 2003**	
(dollars in thousands)	**Balance**	**Percentage of Total**	**Balance**	**Percentage of Total**
Personal	$413,273	19.57%	$356,581	22.67%
Business	1,698,110	80.43	1,216,286	77.33
Total	$2,111,383	100.00%	$1,572,867	100.00%

Borrowings

At June 30, 2004, our borrowings were $260.0 million, compared to $190.0 million at December 31, 2003. At June 30, 2004, borrowings were approximately 11% of our funding liabilities. These borrowings are collateralized by our mortgage-backed and collateralized mortgage obligation securities. We also hold $12.5 million in Federal Home Loan Bank of New York ("FHLB") capital stock as required collateral for our outstanding borrowing position with the FHLB. Based on our existing financial condition, asset size and available collateral, our additional borrowing capacity with the FHLB totaled approximately $485 million at June 30, 2004. Also, additional borrowing capacity on existing repurchase agreement lines totaled approximately $350 million at June 30, 2004.

The following table shows the maturity of our borrowings at June 30, 2004:

3 Months Or Less	After 3 Months through 12 Months	1 Year through 3 years	Total
(dollars in thousands)			
$140,000	$100,000	$20,000	$260,000

Credit Quality

Non-performing assets are comprised of non-performing loans. At June 30, 2004, we had $5.2 million in non-performing assets, which primarily consisted of one non-performing loan. The non-performing balance is comprised of assets placed on non-accrual status, with no balances 90 days past due and still accruing.

Loans are generally placed in non-accrual status upon becoming 90 days past due as to interest or principal. Single-family property loans are placed in non-accrual status after becoming three payments past due as to interest or principal. There were no single-family loans in non-accrual status at June 30, 2004 and December 31, 2003. Generally, consumer loans that are not secured by real estate are placed in non-accrual status when deemed uncollectible. Such loans are generally charged off when they reach 120 days past due.

At the time a loan is placed in non-accrual status, the accrued but uncollected interest receivable is reversed and accounted for on a cash or recovery method thereafter, until qualifying for return to accrual status. Management's classification of a loan as non-accrual does not necessarily indicate that the principal of the loan is uncollectible in whole or in part.

Additional interest income of approximately $62 thousand would have been recorded for the quarter ended June 30, 2004 had all loans been accruing according to their original terms. As of June 30, 2004 and December 31, 2003, there were no loans 90 days past due and still accruing. There were no troubled debt restructurings or impaired loans, as defined by SFAS No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings," at June 30, 2004.

The following table summarizes our asset quality:

(dollars in thousands)	June 30, 2004	March 31, 2004	December 31, 2003	June 30, 2003
Non-performing loans	$ 5,234	$ 4,988	$ 5,130	$ -
Allowance for loan losses	5,511	5,111	4,323	3,223
Allowance for loan losses to non-performing loans	105.29%	102.47%	84.27%	0.00%
Allowance for loan losses to total loans	1.33%	1.27%	1.15%	1.11%
Non-performing loans to total loans	1.26%	1.24%	1.36%	0.00%
Quarterly net charge-offs to average loans (annualized)	0.00%	0.02%	0.02%	0.02%

Contractual Obligations

The following table sets forth our significant contractual obligations as of June 30, 2004:

	Payments Due By Period			
	Total	2004-2005	2006-2007	Thereafter
	(dollars in thousands)			
Borrowings	$ 260,000	$ 260,000	$ -	$ -
Operating leases	49,370	7,296	10,322	31,752
Total contractual cash obligations	$ 309,370	$ 267,296	$ 10,322	$ 31,752

Off-Balance Sheet Arrangements

In the normal course of business, the Company has various outstanding commitments and contingent liabilities that are not reflected in the accompanying unaudited consolidated financial statements.

The Company enters into transactions that involve financial instruments with off-balance-sheet risks in the ordinary course of business to meet the financing needs of its clients. Such financial instruments include commitments to extend credit, standby letters of credit, and unused balances under confirmed letters of credit, all of which are primarily variable rate. Such instruments involve, to varying degrees, elements of credit and interest rate risk.

The Company's exposure to credit loss in the event of nonperformance by the other party with regard to financial instruments is represented by the contractual notional amount of those instruments. Financial instrument transactions are subject to the Company's normal credit policies and approvals, financial controls, and risk limiting and monitoring procedures. Unless noted otherwise, the Company will require collateral or other security to support financial instruments with credit risk.

A summary of the Company’s commitments and contingent liabilities is as follows:

(dollars in thousands)	**June 30, 2004**	**December 31, 2003**
Unused commitments to extend credit	$180,399	$106,373
Financial standby letters of credit	28,442	25,284
Commercial and similar letters of credit	8,907	3,728

Commitments to extend credit consist of agreements having fixed expiration or other termination clauses and may require payment of a fee. The total commitment amounts may not necessarily represent future cash requirements. The Bank evaluates each client's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include deposits held in financial institutions, commercial properties, residential properties, accounts receivable, property, plant and equipment, and inventory.

In accordance with Financial Accounting Standards Board Interpretation (“FIN”) No. 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others an Interpretation of FASB Statements No. 5, 57 and 197 and Rescission of FASB No. 34,*" the Bank recognizes a liability at the inception of the guarantee that is equivalent to the fee received from the guarantor. This liability is amortized over the life of the guarantee on a straight-line basis. At June 30, 2004 and December 31, 2003, the Bank had deferred revenue for commitment fees paid for the issuance of standby letters of credit in the amount of $207 thousand and $133 thousand, respectively. None of these commitments were to creditors that are considered sub-standard; therefore, a liability for off-balance-sheet credit losses has not been established.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a client to a third party. They are primarily used to support clients' business trade transactions and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients.

At June 30, 2004 and December 31, 2003, the Bank had commitments to sell loans of $7.3 million and zero, respectively.

Capital Resources

As a New York state-chartered bank, we are required to maintain minimum levels of regulatory capital. These standards are as stringent as the comparable capital requirements imposed on national banks. The FDIC is also authorized to impose capital requirements in excess of these standards on individual banks on a case-by-case basis.

We are required by FDIC regulations to maintain a minimum ratio of qualifying total capital to total risk-weighted assets (including off-balance sheet items) of 8%, at least one-half of which must be in the form of Tier 1 capital, and a ratio of Tier 1 capital to total risk-weighted assets of 4%. Tier 1 capital is generally defined as the sum of core capital elements less goodwill and certain other deductions. Core capital includes common shareholders’ equity, non-cumulative perpetual preferred stock and minority interests in equity accounts of consolidated subsidiaries. Supplementary capital, which qualifies as Tier 2 capital and counts towards total capital subject to certain limits, includes allowances for loan and lease losses, perpetual preferred stock, subordinated debt and certain hybrid instruments.

We are also required to maintain a certain leverage capital ratio - the ratio of Tier 1 capital (net of intangibles) to adjusted total assets. Banks that have received the highest rating of five categories used by regulators to rate banks and are not anticipating or experiencing any significant growth must maintain a leverage capital ratio of at least 3.0%. All other institutions must maintain a minimum leverage capital ratio of 4.0%.

For an institution to be considered "well capitalized" by the FDIC, it must maintain a minimum leverage capital ratio of 5.0% and a minimum risk-based capital ratio of 10.0%, of which at least 6.0% must be Tier 1 capital.

Our actual capital amounts and ratios are as follows:

	Actual		**Required For Capital Adequacy Purposes**		**Required to be Well Capitalized**	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of June 30, 2004:						
Total capital (to risk-weighted assets)	$254,392	29.87%	$73,036	8.00%	$91,295	10.00%
Tier I capital (to risk-weighted assets)	248,881	29.27	36,518	4.00	54,777	6.00
Tier I leverage capital (to average assets)	248,881	11.42	93,629	4.00	117,037	5.00
As of December 31, 2003:						
Total capital (to risk-weighted assets)	163,625	22.26	58,803	8.00	73,504	10.00
Tier I capital (to risk-weighted assets)	159,302	21.67	29,402	4.00	44,103	6.00
Tier I leverage capital (to average assets)	$159,302	9.08%	$70,187	4.00%	$87,733	5.00%

Liquidity

Liquidity is the measurement of our ability to meet our cash needs. Our objective in managing liquidity is to maintain our ability to meet loan commitments, meet deposit withdrawals, purchase investments and pay other liabilities in accordance with their terms, without an adverse impact on our current or future earnings. Our liquidity management is guided by policies developed and monitored by our asset/liability management committee. The asset/liability management committee consists of, among others, the Chairman, the President and Chief Executive Officer, the Vice-Chairman, the Chief Financial Officer and the Treasurer. These policies take into account the marketability of assets, the source and stability of deposits, our wholesale borrowing capacity and the amount of loan commitments. For the quarters ended June 30, 2004, and December 31, 2003, our primary source of liquidity has been core deposit growth.

Additionally, we have borrowing sources available to supplement deposit flows. These borrowing sources include the FHLB and securities sold under repurchase agreements.

Credit availability at the FHLB is based on our financial condition, asset size and the amount of collateral we hold at the FHLB.

Also, we have repurchase agreement lines with several leading financial institutions totaling $425 million. At June 30, 2004 we had $75 million of securities sold under a repurchase agreement to two of these institutions.

Based on our financial condition, our asset size, the amount of collateral we hold at FHLB and the available capacity under our repurchase agreement lines, we estimate our additional consolidated borrowing capacity to be approximately $835 million as of June 30, 2004.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is defined as the sensitivity of income, fair market values and capital to changes in interest rates, foreign currency exchange rates, commodity prices and other relevant market prices and rates. The primary risk to which we are exposed is interest rate movement inherent in our lending, investment management, deposit taking and borrowing activities. Substantially all of our interest rate risk arises from these activities entered into for purposes other than trading.

The principal objective of asset/liability management is to manage the sensitivity of net income to changes in interest rates. Asset/liability management is governed by policies approved by our Board of Directors. Our Board of Directors has delegated the day-to-day oversight of this function to the Bank's asset/liability management committee. Senior management and our Board of Directors, on an ongoing basis, review the overall interest rate risk position and strategies.

Interest Rate Risk Management

Our asset/liability management committee seeks to manage our interest rate risk by structuring our balance sheet to maximize net interest income while maintaining an acceptable level of risk exposure to changes in market interest rates. The achievement of this goal requires a balance among liquidity, interest rate risk and profitability. The committee meets regularly to review the sensitivity of assets and liabilities to interest rate changes, deposit rates and trends, the book and market values of assets and liabilities, unrealized gains and losses, purchase and sales activities and the maturities of investments and borrowings.

We use various asset/liability strategies to manage and control the interest rate sensitivity of our assets and liabilities. The strategies include pricing of loans and deposit products, adjusting the terms of loans and borrowings and managing the deployment of our securities and short-term assets to reduce or increase the mismatches in interest rate re-pricing.

To effectively measure and manage interest rate risk, we use simulation analysis to determine the impact on net interest income under various interest rate scenarios. Based on these simulations, we quantify interest rate risk and develop and implement appropriate strategies. At June 30, 2004, we used a simulation model to analyze net interest income sensitivity to a parallel and sustained shift in interest rates derived from the current treasury and LIBOR yield curves. For rising interest rate scenarios, the base market interest rate forecast was increased by 100 and 200 basis points. For the falling interest rate scenario, we used a 100 basis point decrease due to limitations inherent in the current historically low interest rate environment.

The following table indicates the sensitivity of net interest income to the interest rate movements described above at June 30, 2004 (dollars in thousands):

Interest Rate Scenario	Adjusted Net Interest Income	Percentage Change From Base
Up 200 basis points	$83,145	10.58%
Up 100 basis points	79,480	5.71
Base	75,188	0.00
Down 100 basis points	68,342	(9.11)

We also use a simulation model to measure the impact market interest rate change will have on the net present value of assets and liabilities, which is defined as market value of equity. At June 30, 2004, we used a simulation model to analyze the market value of equity sensitivity to a parallel and sustained shift in interest rates derived from the current treasury and LIBOR yield curves. For rising interest rate scenarios, the base market interest rate forecast was increased by 100 and 200 basis points. For the falling interest rate scenario, we used a 100 basis point decrease due to limitations inherent in the historically low current interest rate environment.

The following table indicates the sensitivity of market value of equity to the interest rate movements described above (dollars in thousands):

Interest Rate Scenario	Sensitivity	Percentage Change From Base
Up 200 basis points	$(24,793)	(9.32)%
Up 100 basis points	(11,883)	(4.47)
Base	-	-
Down 100 basis points	21	0.01

The computation of prospective effects of hypothetical interest rate changes is based on numerous assumptions, including relative levels of interest rates, asset prepayments, deposit decay and changes in re-pricing levels of deposits to general market rates, and should not be relied upon as indicative of actual results. Further, the computations do not take into account any actions that we may undertake in response to future changes in interest rates.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures. The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, including this report.

(b) Internal Control Over Financial Reporting. There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

PART II. Other Information

Item 1. Legal Proceedings

The Company is subject to various pending and threatened legal actions relating to the conduct of its normal business activities. In the opinion of management, the ultimate aggregate liability, if any, arising out of any such pending or threatened legal actions will not be material to the consolidated financial position or results of operations of the Company.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The Company completed its Initial Public Offering on March 25, 2004 pursuant to which it issued and sold 6,210,000 of its shares of common stock for total net proceeds of $88.3 million.

The net proceeds have been used to date for general corporate purposes, including working capital, and funding organic growth, establishing new offices, and recruiting additional group directors and teams.

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are submitted herewith:

Exhibit Number	Description of Exhibit
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

- On April 30, 2004, we furnished a Current Report on Form 8-K, dated April 28, 2004, announcing our operating results for the first quarter ended March 31, 2004.

Signatures

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

Date: August 12, 2004

Signature Bank

____
Joseph J. DePaolo
President and
Chief Executive Officer

Signature Bank

____
Mark T. Sigona
S.V.P. and
Chief Financial Officer

Exhibit 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph J. DePaolo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Signature Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 12, 2004

By:

____
Joseph J. DePaolo
President and
Chief Executive Officer

Exhibit 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark T. Sigona, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Signature Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2004

By:

____
Mark T. Sigona
Senior Vice President and
Chief Financial Officer

Exhibit 32.1

Certification
Pursuant To 18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Signature Bank (the "Company") on Form 10-Q for the period ending June 30, 2004, as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), I, Joseph J. DePaolo, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

____
Joseph J. DePaolo
President and
Chief Executive Officer
August 12, 2004

Exhibit 32.2

Certification
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of The Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Signature Bank (the "Company") on Form 10-Q for the period ending June 30, 2004 as filed with the Federal Deposit Insurance Corporation on the date hereof (the "Report"), I, Mark T. Sigona, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

____
Mark T. Sigona
Senior Vice President and
Chief Financial Officer
August 12, 2004