

Signature style

BY JOHN GOLDEN

jgolden@westfairinc.com

Banking analysts still weighed the impacts of Congress' financial regulatory reform bill as Joseph J. DePaolo, president and CEO at Signature Bank, began the week in his eighth-floor corner office in midtown Manhattan. The Empire State Building dominated the view down Fifth Avenue. Plenty of his kids' photos and bank achievement plaques were on display, but DePaolo left his recent metropolitan Entrepreneur of the Year award at home in New Rochelle.

"We've been largely unaffected by it," he said of the legislation, which will create a Financial Stability Oversight Council to regulate financial firms much larger and more complex than his. Signature already provides debit card users the protection from overdraft fees that was among the bill's consumer reforms, he said.

Signature, whose stock is traded on the NASDAQ, does not have derivatives products, a market targeted for new regulatory control. DePaolo said the 9-year-old-and-growing bank under the new law will continue to be regulated by the Federal Deposit Insurance Corp. and New York state banking superintendent.

'AN OBJECTIVE MODEL'

Four floors above the CEO's office at 565 Fifth Ave., Signature operates a full-service bank branch. Downstairs at the corner of Fifth and 46th, a Build-A-Bear Workshop store occupies street-front retail space where

By the Numbers

Signature Bank's 1Q results:

Record net income of \$22.1 million, up 51% from 1Q, 2009.

Deposits grew to \$7.9 billion, up \$2.06 billion or 35% from 1Q, 2009.

Non-performing loans decreased to \$44.4 million, or 0.99% of total loans.

a bank would typically hang its brand.

Signature leaves a more private signature for its clients, primarily privately owned businesses and their owners and senior managers. It does no advertising or marketing campaigns.

DePaolo, an Iona College graduate who began his business career as a certified public accountant at KPMG, calls his bank "a professional services firm." Like accounting, medical or legal firms, Signature hires professionals to bring their business with them. "We formulated a banking practice ... You bring your practice over," he said.

Signature hires teams of professionals with long experience and client lists at other banks, many of which have been recently acquired by larger institutions with rigidly segmented or siloed financial services. DePaolo said the more personal and all-inclusive team focus at Signature is on "building relationships" with depositors – and the longer and more productive the relationship for clients and their accounts, the better too for bankers in Signature's compensation system. "If you bring in the business, you get well-paid for it," he said. "It's an objective model; it's based upon average balances."

DePaolo brought over the pay model from Republic National Bank of New York, which he and Signature Vice Chairman John Tamberlane left after its purchase by HSBC in 1999. Joined by 65 other former Republic employees, they opened Signature Bank in May 2001 as a wholly owned subsidiary of Bank Hapoalim, Israel's largest bank. Signature went public in 2004.

TEAM-BUILDING

DePaolo began this week of regulatory-reform talk with an 8 a.m. meeting that continued the team-building at his 650-employee bank. Before the trading markets had opened, he hired a team of three bankers from HSBC who will work in Jackson Heights, Queens at one of Signature's 23 private-client offices in New York City, Westchester and Long Island. The bank now has more than 70 teams in the region.

Two of the three banking teams at Signature's White Plains office and both of its teams in New Rochelle also came from HSBC. DePaolo said the bank has hired

more than 80 professionals from the former North Fork Bank since its 2008 purchase by Capital One.

The CEO also brought from his years at Republic an applied lesson in banking from the late Edmond Safra, Republic's founder and part-owner. "Edmond always said that you build a bank for the depositors and you keep high levels of capital ... then you lend to those depositors," he said. Keeping a "very simple balance sheet" that could be



– Joseph DePaolo,
CEO, Signature Bank

a textbook model for Banking 101, DePaolo said, Signature has grown steadily through deposits and capital.

Signature's performance in 2009 ranked it 10th on Bank Director Magazine's annual list of the nation's top 150 performing banks. It was the only bank in the Northeast to crack the top 10. With the end of this year's second quarter, Signature will have reached \$10 billion in assets, DePaolo said.

"That's from starting out a little more than nine years ago with a \$50 million balance sheet, and that's without an acquisition," DePaolo said of the bank's robust growth. "In March of 2000, we actually started with a flip chart – and it was blank."

Leading what he describes as "a very entrepreneurial organization," DePaolo recently was named Ernst & Young Entrepreneur of the Year for financial services in the metropolitan region. Other metro winners this year included Larry Silverstein, the World Trade center developer.

"Banking is not tennis," said DePaolo. "This is a team sport ... I'm truly very fortunate to be able to lead the team, but there's a team" behind the bank's success.



SIGNATURE BANK