

NEW YORK

The Signature Way

An Interview with Joseph J. DePaolo,
President and Chief Executive Officer, Signature Bank

EDITORS' NOTE In addition to his current post, Joseph DePaolo serves on the boards of directors of Signature Bank and Signature Securities Group, a U.S. retail broker-dealer and wholly owned non-bank subsidiary of Signature Bank. Before this, DePaolo was a Managing Director of Republic National Bank of New York. He also served as the Chairman of Republic Financial Services and Chairman of the Republic Insurance Agency. Before joining Republic in 1988, DePaolo spent seven years at KPMG. Also a CPA, DePaolo earned a bachelor of business administration degree in accounting from Iona College in New York.



Joseph J. DePaolo

COMPANY BRIEF New York-based Signature Bank (www.signatureny.com) is a full-service commercial bank with 21 offices throughout the New York metropolitan area. Signature Bank is focused on serving the needs of privately owned business clients, their owners, and senior managers. The bank offers a wide range of business and personal banking products and services as well as investment, brokerage, wealth management, and insurance products and services through its subsidiary, Signature Securities Group Corporation, a licensed broker-dealer and investment advisor. According to the FDIC, Signature Bank now ranks in the top 2.5 percent of all U.S. commercial banks, based on total assets.

How would you describe Signature Bank's current business model?

We target privately owned businesses with fewer than 500 employees. The number one market in the country for those businesses is New York and Westchester County, and Long Island is the number nine market. Much of the country's wealth is concentrated in these markets. That's why we focused on these areas when we started the bank more than seven years ago and also why we will continue to do so for the next few years. Privately owned businesses care less about the name on the door than do larger companies. They make their decisions based on referrals from friends or colleagues, not necessarily on advertising and branding.

Our goal is to serve this market niche, which we believe is underserved by the New York



area's mega-banks. If we take even a small portion of business from the mega banks like Chase and Citibank, it's significant for us. We started out literally with a \$50 million balance sheet in May 2001, and in June 2008, we had a balance sheet of more than \$6 billion – and that represents purely

organic growth. The recent mega bank mergers and acquisitions allow us to hire veteran banking professionals who in turn bring their businesses to our bank. I look at Signature Bank as a professional services firm. We hire a team of professionals – in our case, they are bankers – to bring their practice and clients over, and we'll support it with our organizational structure. And as they bring their business in, they get a piece of the action.

How do you differentiate Signature Bank from its competitors?

We offer a single point of contact. One team will serve as the client's day-to-day contact for all their financial services needs. This team stays intact to serve the client's needs over the course of the relationship. As an example, a client in Brooklyn owns a hanger factory, and if he were dealing with a megabank, he would probably have to handle his everyday business, such as credit lines, daily banking, commercial mortgages, and cash management, through a series of different departments. At Signature Bank, one team will handle all of those services for a client. In addition, we do not advertise at all. I don't know many banks that do not advertise. Our business has grown significantly in a relatively short period of time by hiring bankers who bring us new business. They are the advertisements for the bank.

Is it challenging to find the talented bankers you need on your staff?

Not at this time, but in the future, it might be harder to find bankers who emphasize the clients versus single products. In addition, we do not like to use executive recruiters. Our clients, prospects, and current bankers actually help us to find the right people to recruit. When we hire new people, we ask them who their best former coworkers are and then ask for their

help in recruiting them as well. To date, it hasn't been difficult.

Into which geographic markets will you look to expand?

Connecticut and New Jersey are markets we'll consider. We started in Midtown Manhattan, and we now have seven locations throughout the city. We also have two locations in Westchester County and six offices in Long Island, and we've expanded into Brooklyn, Queens, and the Bronx. We had an opportunity to open an office in California, but we simply couldn't duplicate what we're doing in New York there. We would have to be convinced that we could enter into markets like Chicago or Boston.

Does Signature Bank make community involvement a priority?

The people Outreach is important. The teams we hire are usually involved in the communities they serve. We have raised money for college scholarships for kids who have lost a parent to cancer. Our First Investors program trains people in investing, and if the participants commit to deposit \$750 in an account, we'll match it. We try to bring that program to lower income or hard-hit communities. We've stepped up our commercial real estate lending, particularly in the Bronx, and we have done a number of financings or refinancings of multifamily buildings in low- to moderate-income areas. Being in good standing within the community and being a solid corporate citizen is something that is a must, and we feel the need to lend support to the New York area.

Looking back to 2001, did you imagine Signature Bank would grow the way it has?

We never thought we would be this large. We thought we would break even after 36 months, but we achieved profitability in the 21st month. We thought we would go public after five years, and we actually completed our initial public offering in fewer than three years. We don't like to brag about what we're going to do, but rather we reflect on the successes that have already occurred. ●

Signature Bank