

New York bank poaches from First Republic to expand into Bay Area

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Mark Calvey San Francisco Business Times

New York-based Signature Bank hired two veteran bankers from First Republic Bank to build a West Coast presence, starting in San Francisco.

The bank's expansion into San Francisco reflects the dramatic changes reshaping the Bay Area's banking landscape as the region's community banks decide to sell and Wells Fargo (NYSE: WFC) grapples with several unfolding scandals.

"There's always opportunity where there's money," John Wilson, president of San Francisco executive search firm J.C. Wilson Associates, said when asked whether there's room for yet another bank targeting the Bay Area's well-to-do. "We see this opportunity every day of every week, especially for banks that don't treat talent as a commodity when it comes to serving the wealthy."

Signature said it opened its flagship office in the landmark Flood Building in San Francisco. Signature (NASDAQ: SBNY) will move later this year into a full-service private-client banking office that it's building out at 201 Mission St. in San Francisco.

High on Signature's to-do list is to hire more private bankers. Signature seeks to hire teams of experienced bankers, who are "self starters."

"We believe the relationship is more with the banker than with Signature Bank," Joseph DePaolo, Signature's president and CEO, told the San Francisco Business Times. To underscore that point, DePaolo said one of Signature's business clients has worked with their banker for a half century, following the banker from one bank to another over time.

Last summer, Signature hired a private banking team that worked in both New York and San Francisco. That team consisted of Anne Kelny Denebeim, Michael Ahmed and Jennifer Choi. All three previously worked at First Republic. DePaolo saw the opportunity to expand to San Francisco as he met last summer with Denebeim and her clients, who are mostly in the nonprofit and education

sectors.

Signature said this week that it hired Joe Petitti as head of West Coast operations, while John "Jack" Knight was appointed to the post of managing director of cash management operations. Both men come from First Republic Bank (NYSE: FRC).

Petitti, with more than three decades of financial services experience, most recently was executive vice president at First Republic, responsible for all deposit acquisition strategies. He previously worked at Union Bank, fintech startup Innoventory, Centurion Capital Management and California Federal Bank, now part of Citigroup. (NYSE: C)

Knight was national director of preferred banking at First Republic, where he led all the private banking teams in key U.S. cities. He previously worked at Union Bank and Wells Fargo.

The Bay Area's long history of phenomenal wealth creation, essentially since gold was discovered in the American River in 1848, has shifted into overdrive in recent years. That's drawn legions of entrepreneurs and investors to the region, along with bankers who want to serve them.

Plus the region's banking scene is seeing seismic shifts as industry consolidation accelerates and scandal rocks Wells Fargo.

"With the West Coast mega-banks in disarray, we think this is the right time to further solidify our entry into California as we anticipate market change and consolidation and foresee opportunity," DePaolo said.

Signature, like many of its rivals, focuses on privately held companies and their owners and senior executives. Recently announced acquisitions of several community banks mean long-standing customer relationships might be up for grabs. The growing list of Bay Area banks in the process of being acquired include First National Bank of Northern



New York-based Signature Bank, led by President and CEO Joseph DePaolo, is expanding into San Francisco.

California (NASDAQ: FNBG) in South San Francisco, United American Bank in San Mateo, Tri-Valley Bank in San Ramon and Scott Valley Bank, with a large presence in the East Bay.

Existing players in the market, such as Walnut Creek-based Mechanics Bank (OTC: MCHB), stepped up its residential mortgage offerings this year to better compete against First Republic, which often sells wealth management and other services to its home-loan borrowers.

Signature, founded in 2001, operates 30 offices, all in greater New York. With more than \$43 billion in assets, Signature garners Bauer Financial's top rating of five stars, reflecting the bank's solid financial strength.

Signature has never made an acquisition, but DePaolo said he won't rule out purchasing another bank when it comes to building a presence in a new market, such as the Bay Area.