

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Signature Bank Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first comes from Dave Rochester with FBR, go-ahead please.

Dave Rochester – FBR

Hey guys good morning.

Joseph DePaolo

Dave, good morning.

Eric Howell

Good morning, Dave.

Dave Rochester – FBR

Great quarter. It was really good to see the core deposit growth come back. Can you talk about what drove that? And as a second part to that do you think you will be able to bring those cost down next quarter given the strong competition you were just talking about?

Joseph DePaolo

Sure. I will answer the second part first. We believe our deposit costs will come down, couple reasons. One, as Eric mentioned earlier in the call, we lag the drop in deposit interest rates, so we are starting to really drop them now compared to the fourth quarter and particular in the month of December and also we are seeing our competitors drop their rates significantly almost to the point that we were one of the leading interest rate for deposits that they came down significantly, so we will be able to bring the cost deposits down. To answer the first part of your question, I think it was several reasons. One, I believe that the brand of the two-big-to sale institutions had dense and those dense really woke up some their clients that weren't being treated very well. That helped. I believe that – and this kills to saying it, but the FDIC insurance, which we never had to worry about here, we believe that helped because the unlimited FDIC insurance on non-interest bearing deposit and now accounts to 50 basis points when you compare one institution to the next why be at a too-big-to-fail institution where you are getting no service, when you could be at Signature and you are on a level playing field with the FDIC insurance. Then thirdly, our teams, our private client teams did a very good job of educating their clients and prospects. One avenue they used was all the additional capital that we raised in September and December and I think in comparing that and educating the

clients we were able to move those clients over. One area that we were able to move some of the clients over where from the off balance sheet money market deposits, I think the low interest rates in those treasury funds, the treasury money market funds coupled with the good job, the teams did in educating the clients, we are able to move some of that over. They still think the competition for the first quarter in 2009 will be intense that's why I was saying that our growth will be similar, although it will be intense, we are still a lot more educating to do – to bring clients over with their deposits to be had.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.