Cultivating Relationships

An Interview with Joseph R. Ficalora,
President and Chief Executive Officer, New York Community Bancorp, Inc.

Joseph R. Ficalora

EDITORS' NOTE *Joseph Ficalora is also a director of New York Community Bancorp, Inc. He joined the Bank in 1965 and has held positions of increasing responsibility across all lines of operations. Named President and Chief Operating Officer in 1989, he spearheaded the establishment of New York Community Bancorp four years later, and has served as its President and Chief Executive Officer since its inception. From January 2007 through December 2010, Ficalora also served as Chairman of the company, a position he had held previously. A graduate of Pace University with a degree in business and finance, Ficalora is a former member of the Board of Directors of the American Bankers Association (ABA), and is currently a member of the ABA's Government Relations Council Administrative Committee, and a director of the New York Bankers Association (NYBA), serving as Chairman of its Metropolitan Area Division. He is Vice Chairman of the Federal Home Loan Bank of New York, as well as on the Boards of Directors of RSI Retirement Trust and Peter B. Cannell & Co., Inc. In addition, he is a member of the board of Pentegra Retirement Services, Inc.*

COMPANY BRIEF *New York Community Bancorp, Inc. (mynycb.com; NYCB) is the 20th largest bank holding company in the nation with assets of $48.6 billion, and is the parent company of its two primary subsidiaries, New York Community Bank and New York Commercial Bank. NYCB has evolved from a mutual savings bank with seven branches in Queens and Nassau Counties to a publicly traded multi-bank holding company with over 270 branch offices serving consumers and businesses throughout Metro New York, New Jersey, Florida, Ohio, and Arizona. Established in 1859, New York Community Bank is one of the largest thrift depositories in the nation.*

How has New York Community Bancorp evolved?

It was established as the first savings bank chartered in the borough of Queens, and was named Queens County Savings Bank. In November of 1993, it became a public company, and after acquiring another bank in 2000, was renamed New York Community Bank. Because of the importance of community connection, we have maintained the local identity with our divisional structure, so now in Queens you see New York Community Bank, Queens County Savings Bank Division.

Before our first deal, we had less than $1 billion in assets – today, we have more than $48 billion in assets. We have grown by acquisition and have completed 11 transactions over the course of the two decades that we have been public.

As a public company, we have had a total return to shareholders that greatly exceeds the banking industry. The world-renowned best performer during our first 20 years as a public company was U.S. Bancorp with a 1,600-plus percent total return to their shareholders. By comparison, our total return to shareholders was 4,265 percent in that period, well above the industry average of 260 percent or so.

The building of value for shareholders has always been our public focus, as there are banks all over the New York market that can take deposits and complete loans. When people commit to depositing money with you, they have the ability to withdraw it whenever they want. However, when people invest with you, they are taking a chance that they will get back a return on their investment. We are fortunate to have many depositors that are shareholders.

The good news for our customers and shareholders is that we've had a better return on their investment than others. The bank has a long history of being risk-averse. We are typically not interested in other bank's assets, but are explicitly interested in their retail banking. We fund the growth in the asset class that we believe is our distinguishing attribute, and this is the reason we are so consistent in our performance through the business cycles.

This has resulted in substantially better performance than others, particularly during periods of economic stress.

How challenging is it to differentiate from your competition?

When it comes to retail, our greatest asset is our people. They are our ambassadors, who are face-to-face with customers and create positive relationships with individuals who bank with us and need our services.

The bank has grown over the course of many decades. When I first joined 49 years ago, we had five branches; before we went public, we had seven branches; and now we have about 270 in five states.

The bank is very different in size and yet very much the same in composition and mission. Our principal asset when we became a public company and had less than $1 billion in assets was multi-family rent-regulated housing in the New York market; 70.4 percent of our loan book was such an asset. At the end of 2013, 69.4 percent of our loan book was with the same asset and to some degree, some were the same owners.

Our average life of a loan is three to four years. Most lenders will lend for longer periods, having expectations that they will hold the loan for 15 years. Our shorter loan holding period means that in a 15-year horizon, every three to four years we will be at market, so we have far less interest rate risk. We also have the benefit of getting paid three points every three to four years, which also means that on a 15-year horizon, we will get paid 15 points for operating the bank in a prudent manner. This allows us to be better situated, to compete with the marketplace, and be paid more. Although we may get a lower rate because we take less risk, we get paid points on the constant refinancing of our assets.

When you grow so quickly, is it difficult to maintain your culture?

The important thing is that we cultivate relationships with our own people. When we buy a bank, we make a conscious effort to be inclusive. The individuals that join the team are cultivated so that they truly understand the brand, the culture, and the priorities that make us different.

If you're buying a bank that is having trouble, there are often some very talented people within that bank that had nothing to do with the adversity created. Those are the employees that welcome us and the opportunity to grow with us. ●

