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Young, local banks doing just fine

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Some of Bergen County's youngest banks are doing their part to keep credit flowing.

Pascack Community Bank, founded in 2002; North Jersey Community Bank, which opened in 2005; and Bank of New Jersey, formed in 2006, all had double digit loan growth last year. While growth for most lenders slowed, they increased portfolios by a combined 36 percent while deposits grew by a combined 25.7 percent.

The banks' chief executives say they did it by adding branches and by adding customers who defected from national banks dragged down by bad loans and market turmoil.

"It's a great time to be a community banker," said Bruce Meisel, chairman and chief executive officer of Westwood-based Pascack Community. "People want to deal with a local bank and local bankers. We know the area, we know the buildings and we know the borrowers," he said.

X Deleveraging by the national banks has created growth opportunities for many community banks, including upstarts that are well-capitalized and that have business lending expertise, said Donald Musso, president of FinPro Inc. in Liberty Corner, a consulting firm whose clients include Pascack and North Jersey.

X "Our de-novos are poised to grow and steal business from the big banks," he said. Rapid branch and deposit growth to fund lending operations have been important in their success, he said.

Englewood Cliffs-based North Jersey Community Bank has added two branches in Fort Lee, one in Cresskill, and one in Hackensack, and it expects to open a West New York branch later this year.

The bank earned \$1.2 million in 2008, up from \$1 million in 2007, when it posted its first full-year profit. Loans grew 44.8 percent to \$303 million and deposits grew

37.2 percent to \$313.8 million. Frank Sorrentino III, chairman and chief executive officer, has been trumpeting the bank's successes in TV interviews. "This is the absolute best time, maybe in a generation, to be a local community banker," he said. "Our competitors have lost the trust and confidence of their customer base."

Meisel said Pascack Community opened its third and fourth branches last year, in Nutley and Hackensack, and he expects to open two more this year, in Rochelle Park and Hillsdale. Pascack increased loans by 32.4 percent and deposits by 15.5 percent last year. It swung to a \$164,000 loss last year from a profit of \$495,000 in 2007 due to new branch development costs and charge offs of \$665,000 in problem loans. Meisel said the charge-offs were primarily because of a default on a \$20 million syndicated loan originated by another bank, in which Pascack participated.

Pascack is using \$3.8 million received this month from the U.S. Treasury's Troubled Asset Relief Program to capitalize its new residential mortgage division. Its first-ever residential mortgage loan is expected to close "in the next two to three weeks," said George Niemczyk, the bank's chief operating and chief financial officer. "We have \$2 million in residential loans in the pipeline that will close in the next 90 days," he said.

Fort Lee-based Bank of New Jersey, which has a \$235 million loan portfolio, roughly half commercial and half consumer, has been profitable since the first quarter of 2007. It earned \$527,000 last year as loans and deposits grew by 28 percent and 19.3 percent, respectively.

"We've been lucky, safe and careful," said Albert F. Buzzetti, the bank's president, explaining the success.

It helped that his bank raised about \$44 million in start-up capital in 2006, providing a strong foundation for growth, he said. The state requirement for new banks is \$6 million. The company added two branches in Fort Lee, in addition to the main office there, one in Hackensack and one in Haworth. Another is set to open this quarter in Harrington Park.

He agrees with his counterparts at North Jersey and Pascack that community banks seem to have an edge in today's market.

"Depositors want safety, and borrowers want to be able to sit and talk with someone," he said.

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