

Bank leverages Closter roots

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BY RICHARD NEWMAN
STAFF WRITER | THE RECORD

* First Commerce ranked 13th in its class nationwide

One of the fastest-growing banks in Bergen County is also one of the top-performing community banks in the country.

First Commerce Bank, which was born in Closter as Northern State Bank 10 years ago, has been on a loan growth tear since paying back its Troubled Asset Relief Program, or TARP, government bailout money in 2012. It opened its fourth Bergen County branch, in Montvale, two weeks ago, adding to branches in Closter, Englewood and Teaneck.

SNL Financial, a well-regarded research firm in Virginia, recently ranked the company 13th in its top 100 performing banks in the country with between \$500 million and \$5 billion in assets. The ranking was based on loan growth, credit quality, efficiency and profitability. The only other New Jersey lender to make the list was Marlin Business Services Corp. in Mount Laurel, which ranked 83rd.

SNL said it chose among banks with 60 or fewer offices, and all had to be well-capitalized by regulatory standards and a majority of their revenue had to be from traditional banking activities.

CEO C. Herbert Schneider attributes the bank's performance to dedicated employees, "an outstanding board of directors" and a culture that is a "throwback" to an earlier time. "We are your bank out of the '70s or '80s," said Schneider.

'Need-based' approach

Angela Farina, senior vice president of retail banking, said she teaches a "need-based" sales approach. "It's getting to know our customers, finding out their needs and assisting them if we can," she said.

The former Northern State Bank was formed in 2005 in Closter by a group of business owners with plans to focus on commercial real estate lending. It turned out to be a bad time to start a new bank, as the financial system would crash a few years later and a deep recession would follow.

At that time, regulators were cracking down on banks with high concentrations of commercial real estate loans, which were considered particularly risky. The bank needed to raise additional funding from investors to secure its future, but was having trouble, said Schneider, who was one of the investors to come to its rescue.

In Central Jersey, Schneider had spent 15 years establishing and expanding Windsor-based First Washington State Bank into a 16-branch money maker with about \$500 million in assets. In 2004 he agreed to sell that bank to Lancaster, Pa.-based Fulton Financial Corp. for more than four times First Washington's book value.

Schneider also had ties to a group of investors in Ocean County, led by real estate developer Abraham Opatut, who was intent on starting a new bank at a time when regulators were not granting new charters. The solution was to recapitalize and reinvent Northern State.

Schneider and Opatut raised more than \$18 million and negotiated to gain a controlling interest in Northern State. Change-in-control payments were made to the Bergen County bank's managers. Four board members from Northern State were granted seats on the new First Commerce Bank board. A second office was established in Lakeland which became the new headquarters, and Schneider took over as CEO.

In 2012, First Commerce paid back \$1.3 million in TARP money that Northern State had received. Since then, the lender has added branches in Teaneck, Englewood and Montvale, as well as Allentown in Monmouth County and Freehold.

Montvale was picked over Ridgewood, which the lender was also considering. Schneider had reviewed government bank deposit data that showed Montvale had the highest average deposits per branch in the county, suggesting there was room for additional depository services.

He also liked the town's proximity to Rockland County, where First Commerce had already done some lending.

In Ridgewood, the need for another bank branch was questionable. "There are a lot of banks in Ridgewood," he said.

The plan for this year and beyond is to continue with branch expansion divided between northern and central New Jersey market areas, he said.

In North Jersey, the growth will likely continue to be in Bergen County along the Garden State Parkway corridor.

But the next new branch, to open later this year, will be in Schneider's hometown of Robbinsville, in Mercer County, Schneider said.

Email: newman@northjersey.com

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