YOU CAN BANK ON US

Queens lenders cite their strengths

by Peter C. Mastrosimone
Editor-in-Chief

Your money's safe here.

That's the message from officials representing several popular banks in Queens — both community stalwarts that have served the borough for decades and much larger international institutions that also have stood firm through the financial crisis.

This week saw markets tumble around the world as the credit crunch spread and the Federal Reserve cut interest rates in response. But top executives with Sterling National Bank, Ridgewood Savings Bank and Maspeth Federal Savings say their community focus and conservative lending practices give them a stability many larger institutions lack.

And representatives of two of those bigger banks, Chase and TD Bank, formerly Commerce, say they too are weathering the financial storm and remain strong — largely because they have tremendous assets that have retained their value even as those held by other lenders disappeared.

Chase, headed by Queens native James Dimon, has in fact been a private-sector rescuer of collapsing banks, buying out Bear Stearns and Washington Mutual this year. TD is a growing institution based in Maine which intends to retain Commerce's "America's most convenient bank" slogan — though it's about to drop the familiar big red C as part of its rebranding campaign.

All five banks say they avoided investing in the weak mortgage-backed securities that have driven some of their competitors into the ground.

"We had none of that exposure," said Gregory Braca, president of TD Bank's New York City market. "We don't have it on our balance sheets, we don't have it in our lending philosophies."

Braca's comments were echoed by executives at the smaller banks with a strong presence in Queens.

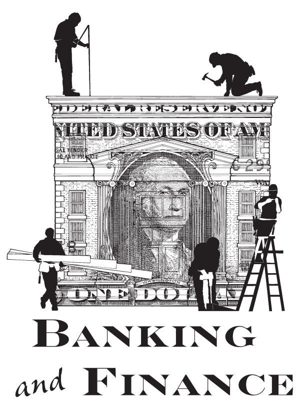
"We never invested in any subprime loans," said David Daraio, an assistant vice president with Maspeth Federal Savings. "Unlike other banks, we don't abandon customers. We don't sell off loans or buy others."

"What we do is very conservative," Sterling National President John Millman said. "It's very cautious. It's our style to be a conservative lender. Our core business is lending to quality small and midsize companies — no home equity loans, no subprime loans and very little in auto loans."

Ridgewood also made no subprime, non-documentation or option-ARM loans, the latter being those in which borrowers can defer a payment and add it to their principle, said George Hornburg, the bank's executive vice president and chief financial officer.

"Those three areas are where the other banks have really gotten themselves in trouble," Hornburg said. "It's just not our style."

Ridgewood mostly steers clear of selling its loans on the market, he added, offering maybe \$8 to \$10 million worth per year, a tiny piece of the \$300 to \$400 million in lending that the bank originates every year.



"It's a way too risky way of doing business," Hornburg explained. "We have a very conservative and risk-averse lending policy with strict underwriting. We consider ourselves extremely safe and sound. Our regulator would agree."

The bank plans to open its 36th branch this month.

At Chase, the consumer banking arm of JP Morgan Chase, it's largely size that matters, according to spokesman Mike Fusco.

With the Washington Mutual purchase, Chase now has nearly 100 branches in Queens, though it expects to close about 10 of those between now and 2010, when the two banks' operations are fully merged.

Asked what about Chase should be most reassuring to its clients, Fusco quickly noted, "We have nearly \$2 trillion in assets."

TD Bank, which acquired Commerce a year ago, now has about \$550 billion in assets, \$110 billion of which is in the United States, Braca said — making it the fifth or sixth largest bank on the continent. It has about 1,100 branches — or stores, as it calls them — in the United States.

"Globally TD is a tremendous name, it's a well recognized brand and TD is probably one of the most financially secure banks on the planet," Braca said, adding that it was the "right time in Commerce's history to merge with a bigger player," and that the bank could become even larger now as buying opportunities widen: "This is a terrific time for us to take market share."

At the regional banks, the focus is less on enlarging market share than on the personal service and traditional approach that are their hallmarks, the executives said. All three spoke of the one-on-one reassurance bank officials are giving worried customers, noting their firms' long presence in Queens and reiterating their commitment to old-fashioned banking values.

"We work with small and midsize companies, and individuals, and provide them with very personalized services," said Millman, the Sterling National president. "We're able to provide them with services in a way that the bigger banks are unable to duplicate. Clients have been with us for generations. It's a throwback to how banking was done, and it's a model that works for us."

Large and small, the bankers said their clients should not give in to fear and keep doing what they have been doing — just as their bank is. Those who were willing to talk about the financial crisis in general said they welcomed both the \$700 billion bailout-rescue package and the temporary increase in FDIC insurance coverage for individuals from \$100,000 to \$250,000, effective through Dec. 31, 2009.

"It's probably a solid thing for the smaller community and regional banks," Braca said of the FDIC hike. "If it helps to stabilize the situation, that's probably to everyone's benefit."

"I believe that a rising tide lifts all boats, and that what is good for our banking community will be good for all of us," Millman said of the bailout law. "There is a basic fear in our system that needs to be corrected, and it's worth doing it. We need to solve the problem, get credit flowing and start rebuilding."

One thing the executives were hesitant to discuss is what will happen next in the markets, but each was sure his firm, and his customers, would be there to find out.

Sterling National Bank has four branches in Queens, while Maspeth Federal Savings has six and Commerce, now TD Bank, boasts 17. *(photos by Michael O'Kane, top, and Mark Weidler)*