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## Expanding bank reaches out to specific clientele

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Two Bergen County men are behind a rapidly expanding bank that caters to Indian-American and other South Asian professionals and small business owners.

The privately held ethnic lender Indus American Bank, based in Iselin, was launched in November 2005 and opened its fifth office last week in Hicksville, N.Y.

"We already have \$1.4 million in deposits in Hicksville in three days, which is tremendous," said co-chairman and co-founder Dr. Sharad Wagle, a Bergen County resident who is also chief of psychiatry at Holy Name Hospital in Teaneck.

The bank, which has yet to turn a profit, also has branches in Parsippany, Jersey City and Port Chester, N.Y.

Wagle and chief executive officer Kevin Lenihan of Old Tappan say they want to open a branch in Bergen County, too, perhaps in Paramus. New Jersey is a fertile area to expand for Indus American; it is home to almost 230,000 people of Asian Indian descent, or 2.7 percent of the state's population, the highest percentage of any state, according to Census data. Deposits have increased 28 percent to \$77 million in the past year, according to the Federal Deposit Insurance Corp. data. Loans grew 58 percent to \$66.4 million in that time and assets increased 20 percent to more than \$120 million.

But with high branch development costs, the company lost about \$5 million in the 12 months ended Sept. 30 — including a \$1.4 million third-quarter loss on investments in Fannie Mae and Freddie Mac preferred stock.

Start-up banks typically are expected by regulators to start turning a profit by the end of the third year, said Nick Ketcha, managing director of FinPro Inc, a banking consultant in Liberty Corner. That goal can be hard to reach in New Jersey because of the high cost of real estate and staffing, he said. Wagle said the bank made a strategic decision to invest in new branches to build the customer base, even though it will take longer to move into the black.

"We are hoping to turn a profit by the middle of next year," he said.

The bank focuses on commercial mortgage lending although it also does some residential loans, lending no more than 75 percent of the value of real estate put up as collateral. Cautious underwriting has paid off with zero loan

charge-offs, the bank said.

Lenihan said about 80 percent of the bank's customers are of Indian, Pakistani or Chinese descent. Indus American offers free money transfers to India and is negotiating with an Indian bank to form a correspondent relationship, so non-resident Indians in New York and New Jersey will be able to open accounts at Indus American branches. The bank also offers secure credit cards that help recent immigrants establish credit here, and it recently started a Small Business Administration lending department, to serve customers who do not qualify for a conventional loan.

About 50 customers use the bank's Physician's Advantage Program, which offers doctors unsecured lines of credit and preferred rates on certificates of deposits. The bank has strong ties to the medical community as many of the bank's initial investors are local doctors of Indian descent, Lenihan said.

The lender has plans to build a 10,000-square-foot building in Parsippany and make that its new headquarters, perhaps as early as next year.

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Indus American Bank

Main office: Iselin

Branches: One each in Parsippany, Jersey City, Hicksville, N.Y., and Port Chester, N.Y.

Assets: \$120.1 million

Loans: \$66.4 million

Deposits: \$77 million

Equity capital: \$12.8 million

Note: Figures are as of Sept. 30

Sources: the company and the Federal Deposit Insurance Corp.

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