

## MARKET WATCH

# Earnings please Grand Bank

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HAMILTON—The vital signs at Grand Bank are healthy, according to the company's latest earnings report.

For the quarter ended June 30, the bank announced a \$3,050 dividend or 2.8 percent, based on the most recent share price of \$107,500.

Mark Wolters, bank president and CEO, said the bank has maintained steady earnings growth throughout the recession and recovery, partly on the strength of its new mortgage subsidiary and partly by writing an increasing number of commercial, industrial and small business loans.

"We're doing really well," he said.

With operations in Mercerville and Hamilton Square and a third full-service retail branch set to open in Hackettstown in the first quarter of 2011, the bank reported total net income of \$1.5 million for the just-ended quarter, up \$868,000.

In February, Carnegie Mortgage, a subsidiary of Grand Bank, said it had acquired Icon Residential Lenders of Irvine, Calif. The goal was to give the bank's mortgage business a more national focus and make it a stronger competitor. The subsidiary writes about \$200 million in mortgages a month.

Wolters said it was a "bold"

move to go deeply into the mortgage market at a time when a glacial hesitancy had settled over the home loan business.

"When that disruption happened in the mortgage industry it left a big hole in terms of companies that could originate mortgages, so we found a niche," Wolters said.

Grand Bank has tried to find safety by sticking to traditional lending.

It looks for high credit scores and long-term lending arrangements that are well supported by equity and debt repayment, Wolters said.

Those loans are repackaged for sale to investors, and Grand

Bank reported a \$172 million investment loan portfolio at the end of June 30, down \$30 million or 15 percent, from a year ago.

Meanwhile, total assets were \$404 million, up \$26 million, and deposits were \$319 million, down from \$343 million a year earlier.

The bank's market research — based on customer surveys — bears out its optimism for a steady recovery in the broader market, Wolters said, despite a skittishness among investors recently.

"I would say it's pretty positive. ... We don't get the sense that we're slipping backwards."

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