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## First Quarter Profits Generally Up at Area Banks—Albeit at a Slower Pace

*The Washington Post*

By Abha Bhattacharai, reprinted from *The Washington Post*

Stagnant demand for mortgages and loans provided a note of caution to otherwise healthy profit margins at many area banks during the first quarter of this year, as deposits continued to rise.

"We're seeing lower mortgage volumes and a slowdown in refinancing," said Catherine Mealor, senior vice president at investment bank Keefe, Bruyette & Woods. "We saw really nice loan growth in the fourth quarter, but that has slowed down a bit."

The majority of area banks reported rising profits, but at a pace markedly lower than in the fourth quarter of last year.

Waldorf-based Tri-County Financial, for example, said first-quarter profit was up 55 percent, a strong showing, but significantly less than the bank's year-over-year increase of 198 percent at the end of 2012.

At John Marshall Bank, where profit rose 61 percent, chief executive John Maxwell said lending was up during the first quarter, thanks to an influx of small-business loans.

"We're trying to focus more and more on [small-business lending] as we get larger," Maxwell said, adding that the bank has traditionally specialized in commercial loans. "Everything we do is bottom-line oriented."

Even so, Marshall cautioned that narrowing profit margins could make it more difficult to sustain high earnings in coming months.

"The big picture is that margins are tightening, so that will be a challenge going forward," Maxwell said. "But for now we're still growing."

Bethesda-based EagleBank reported a 52 percent increase in profit, while Olney's Sandy Spring Bank said earnings were up 25 percent. Other area banks with rising profits included Access National Bank (8.8 percent) and Severn Savings Bank (7.6 percent).

Capital One, the McLean-based banking giant, posted the most dramatic drop in first-quarter profit. The bank said earnings were down 24 percent to \$1.1 billion, or \$1.79 per share, down from \$1.4 billion, or \$2.72 per share, last year.

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John Maxwell

"There hasn't been much loan growth to be had, especially in the [credit] card space," said Sameer Gokhale, an analyst for Janney Montgomery Scott. "The credit card business remains challenged, and I don't think you're going to see much growth occur there unless the unemployment rate falls significantly."

★ April 2013