

Lending picks up at area banks in Q3

By [Danielle Douglas](#), Published: November 20, The Washington Post

A majority of banks based in the Washington area increased lending in the third quarter, despite a general lull in activity across the country, according to data from Charlottesville research firm SNL Financial.

Twenty-three of the 37 local banks to report earnings for the three months ending September logged loan growth over the prior quarter.

“The D.C. area is a stronghold just because of the demographics of the area as well as the unemployment rate being one of the lowest in the country,” said analyst Patrick Sims of SNL Financial. Still, “this is not the best time to be a bank; the prospects for earnings aren’t very high. But compared to many other regions in the United States, Washington is positioned well.”

The largest quarterly lending jumps occurred at Capital Bank of Rockville and McLean-based [Cardinal Bank](#), which tracked 27.5 percent and 22 percent loan growth, respectively. Reston’s [John Marshall Bank](#) recorded 9.9 percent increase in lending, while Access National Bank tracked a 10.7 percent uptick in loans during the quarter.

Area banks registered the most meaningful activity in residential mortgages, with EagleBank recording a 42 percent jump and Cardinal registering 56 percent growth. Commercial real estate loan activity remained fairly flat at many of the banks, though six institutions, including Revere Bank of Laurel and Bank of Georgetown, logged at least 10 percent growth in that area.

“A lot of this is organic growth, as opposed to fall out from other institutions,” Sims said. Yet, he points out, “we haven’t seen a resurgence of loan growth like we did before the crisis began.”

In the Federal Reserve Board’s [October Senior Loan Officer survey](#), respondents overwhelmingly reported weaker demand for business loans across the country, especially among large and middle-market firms. The volume of inquiries from potential business borrowers seeking new lines of credit also tumbled for the first time in several quarters.

Sims said there are still a number of financial institutions, especially in the Southeast and Midwest, that are closing or consolidating under the weight of troubled loans. There have been relatively few bank failures or consolidations in the Washington area, though several banks have contended with significant troubled loans.

Most of those banks have cleared the bulk of that debt off of their books, as evidenced by their nonperforming asset ratio, or NPA. Analysts generally consider a ratio, determined by dividing troubled loans by a bank’s total assets, below 2 percent as good and above 4 percent as concerning.