

FOR IMMEDIATE RELEASE

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The National Capital Bank of Washington Reports Second Quarter Earnings

Washington, DC, July 26, 2017

The National Capital Bank of Washington (NCB) reported net income of \$571,000, or \$1.98 per common share, for the three months ended June 30, 2017, compared to \$1,310,000 or \$4.55 per share for the quarter ended June 30, 2016. For the six months ended June 30, 2017, NCB reported net income of \$1,744,000, or \$6.05 per share, compared to \$3,128,000, or \$10.87 for the first six months of 2016. NCB continues to improve asset quality which resulted in a reversal of loan provision expense in the amount of \$1,264,000 for the first six months of 2017 compared to a \$2,770,000 provision reversal for the same period in 2016. Non-performing loans to total loans have decreased from 2.05% to 0.25% over the last year.

Total assets increased year-over-year to \$420,461,000 at June 30, 2017 compared to \$409,193,000 at June 30, 2016. Total loans of \$233,420,000 at June 30, 2017 have increased from \$213,559,000 from the year before as the Bank started new commercial and commercial real estate lending programs. Total deposits also increased to \$367,045,000 at June 30, 2017 compared to \$353,916,000 the year before. The Bank's net interest margin has also increased to 3.15% at June 30, 2017 up from 2.81% a year ago as a result of improvements in credit quality and growth and change in the mix of the lending portfolio.

Total shareholders' equity increased to \$44,290,000 at June 30, 2017 from \$42,614,000 a year ago. The increase resulted from core earnings and loan provision reversals during the last 12 months, partially offset by the increase in unrealized losses on investment securities, available for sale, from market interest rate increases. For the six months ended June 30, 2017 the return on average assets and return on average equity was 0.83% and 8.16%, respectively. NCB was pleased to announce a \$0.50 per share cash dividend in the second quarter of 2017.

Richard B. (Randy) Anderson, Jr. President and Chief Executive Officer said, "It was encouraging to see our business development efforts in the fourth quarter of 2016 and first quarter of this year start to bear fruit with loan volume increasing \$17.4 million in the second quarter alone. We anticipate this progress will continue with the addition of Kathryn Speakman, a DC banking veteran and Richard Sobonya, our new construction lending director to the commercial lending team during the quarter."

The National Capital Bank of Washington was founded in 1889 and is Washington's Oldest Bank. NCB is headquartered on Capitol Hill with a second branch located in Friendship Heights, as well as a residential mortgage office and a wealth management services office. The Bank trades under the symbol NACB. For more information about NCB, visit www.nationalcapitalbank.com

Forward Looking Statements

This news release may contain certain forward-looking statements, such as statements of the Bank's plans, objectives, expectations, estimates and intentions. Forward-looking statements may be identified by the use of words such as "expects," "subject," "will," "intends," "will be" or "would," These statements are subject to change based on various important factors (some of which are beyond the Bank's control) and actual results may differ materially. Accordingly, readers should not place undue reliance on any forward-looking statements (which reflect management's analysis of factors only as of the date of which they are given). These factors include general economic conditions, trends in interest rates, the ability of the Bank to effectively manage its growth and results of regulatory examinations, among other factors. The foregoing list of important factors is not exclusive.

The National Capital Bank of Washington
Financial Highlights

(In thousands, except share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2017	2016	2017	2016
Condensed Statement of Income:				
Interest income	\$3,451	\$2,980	\$6,445	\$5,793
Interest expense	93	115	211	232
Net interest income	3,358	2,865	6,234	5,561
Provision (reversal) for loan losses	0	(875)	(1,264)	(2,770)
Net interest income after provision	3,358	3,740	7,498	8,331
Non-interest income	621	632	1,066	1,202
Non-interest expense	3,039	2,212	5,675	4,402
Income before taxes	940	2,160	2,889	5,131
Income tax provision	369	850	1,145	2,003
Net income	\$571	\$1,310	\$1,744	\$3,128
Share Data:				
Weighted avg no. of shares outstanding	288,668	287,652	288,485	287,652
Period end shares outstanding	288,777	287,652	288,777	287,652
Per Common Share Data:				
Net income	\$1.98	\$4.55	\$6.05	\$10.87
Closing Stock Price			\$185.00	\$152.00
Book Value			\$153.37	\$148.14
Profitability Ratios, Annualized:				
Return on average stockholders' equity	5.24%	15.81%	8.16%	19.19%
Return on average total assets	0.54%	1.19%	0.83%	1.44%
Average equity to average total assets	10.40%	7.54%	10.21%	7.52%
Condensed Balance Sheets:				
	June 30	December 31	June 30	
	2017	2016	2016	
Assets				
Cash and equivalents	\$16,085	\$23,912	\$26,189	
Securities, available for sale	155,602	164,695	158,803	
Loans, held for sale	0	0	0	
Loans, held in portfolio	233,420	208,724	213,559	
Allowance for loan losses	(3,463)	(4,711)	(4,548)	
Premises and equipment, net	2,848	2,710	2,329	
Bank owned life insurance	11,254	11,115	8,593	
Other assets	4,715	5,717	4,268	
Total assets	\$420,461	\$412,162	\$409,193	
Liabilities and stockholders' equity				
Deposits	\$367,045	\$362,170	\$353,916	
Securities sold under agreement to repurchase	7,941	6,662	11,392	
Other liabilities	1,085	2,345	1,271	
Stockholders' equity	44,290	40,985	42,614	
Total liabilities and stockholders' equity	\$420,361	\$412,162	\$409,193	
Other Data:				
Non-performing loans to total loans	0.25%	1.95%	2.05%	
Allowance to total loans	1.48%	2.26%	2.13%	
Net charge-offs (recoveries) to average loans	-0.01%	-1.68%	-1.16%	
Net interest margin for the quarter	3.37%	3.02%	2.92%	
Net interest margin for the year	3.15%	2.87%	2.81%	