



FOR IMMEDIATE RELEASE

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The National Capital Bank of Washington Reports Third Quarter Earnings

Washington, D.C. – The National Capital Bank of Washington (NCB) reported net income of \$504,000, or \$1.75 per common share, for the three months ended September 30, 2017, compared to \$620,000 or \$2.15 per share for the quarter ended September 30, 2016. For the nine months ended September 30, 2017, NCB reported net income of \$2,248,000, or \$7.79 per share, compared to \$3,748,000, or \$13.03 for the first nine 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 nine 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 2.00% to 0.22% over the last year.

Total assets increased year-over-year to \$413,512,000 at September 30, 2017 compared to \$406,456,000 at September 30, 2016. Total loans of \$254,137,000 at September 30, 2017 have increased from \$210,977,000 from the year before as the Bank started new commercial and commercial real estate lending programs. Total deposits also increased to \$366,666,000 at September 30, 2017 compared to \$344,855,000 the year before. The Bank's net interest margin has also increased to 3.21% at September 30, 2017 up from 2.81% a year ago, as a result of improvements in credit quality, continued growth and a change in the mix of the loan portfolio.

Total shareholders' equity increased to \$44,549,000 at September 30, 2017 from \$43,318,000 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 nine months ended September 30, 2017, the return on average assets and return on average equity was 0.72% and 6.92%, respectively.

Richard B. (Randy) Anderson, Jr. President and Chief Executive Officer said, "We are pleased to show continued progress as the Bank executes its strategic plan to redeploy funds into higher earning assets. This progress is evident in the \$20.7 million quarterly increase in total loans and improved net interest margin. The increase in non-interest expense reflects hiring activity earlier in the year focusing on production and support staff, which should level off and facilitate continued loan and deposit growth through the remainder of this year and throughout 2018. It is also significant to note that deposits at quarter-end were negatively impacted by the budget spend down of a number of the Bank's commercial clients as the Federal Government's fiscal year ended. These deposit balances are anticipated to recover and this represents a recurring annual phenomenon for a Capitol Hill based bank."

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, a residential mortgage and commercial lending office, as well as 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.

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The National Capital Bank of Washington
Financial Highlights

(In thousands, except share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
Condensed Statement of Income:	2017	2016	2017	2016
Interest income	\$3,504	\$2,847	\$9,949	\$8,640
Interest expense	146	104	357	336
Net interest income	3,358	2,743	9,592	8,304
Provision (reversal) for loan losses	0	0	(1,264)	(2,770)
Net interest income after provision	3,358	2,743	10,856	11,074
Non-interest income	415	670	1,480	1,872
Non-interest expense	2,934	2,368	8,609	6,769
Income before taxes	839	1,045	3,727	6,177
Income tax provision	335	425	1,479	2,429
Net income	<u>\$504</u>	<u>\$620</u>	<u>\$2,248</u>	<u>\$3,748</u>

Share Data:

Weighted avg no. of shares outstanding	288,777	287,724	288,583	287,676
Period end shares outstanding	288,777	287,752	288,777	287,752

Per Common Share Data:

Net income	\$1.75	\$2.15	\$7.79	\$13.03
Closing Stock Price			\$212.00	\$165.00
Book Value			\$154.27	\$150.54

Profitability Ratios, Annualized:

Return on average stockholders' equity	4.53%	5.76%	6.92%	12.13%
Return on average total assets	0.48%	0.61%	0.72%	1.22%
Average equity to average total assets	10.61%	10.65%	10.35%	10.06%

Condensed Balance Sheets:

	September 30	December 31	September 30
	2017	2016	2016
Assets			
Cash and equivalents	\$22,755	\$23,912	\$25,668
Securities, available for sale	120,894	164,695	159,336
Loans, held for sale	0	0	0
Loans, held in portfolio	254,137	208,724	210,977
Allowance for loan losses	(3,471)	(4,711)	(4,807)
Premises and equipment, net	2,852	2,710	2,438
Bank owned life insurance	11,325	11,115	8,644
Other assets	5,020	5,717	4,200
Total assets	<u>\$413,512</u>	<u>\$412,162</u>	<u>\$406,456</u>
Liabilities and stockholders' equity			
Deposits	\$363,666	\$362,170	\$344,855
Securities sold under agreement to repurchase	4,232	6,662	6,628
FHLB advances	0	0	10,000
Other liabilities	1,065	2,345	1,655
Stockholders' equity	44,549	40,985	43,318
Total liabilities and stockholders' equity	<u>\$413,512</u>	<u>\$412,162</u>	<u>\$406,456</u>

Other Data:

Non-performing loans to total loans	0.22%	1.95%	2.00%
Allowance to total loans	1.37%	2.26%	2.28%
Net charge-offs (recoveries) to average loans	-0.01%	-1.68%	-1.29%
Net interest margin for the quarter	3.33%	3.02%	2.80%
Net interest margin for the year	3.21%	2.87%	2.81%