



FOR IMMEDIATE RELEASE

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The National Capital Bank of Washington Reports Fourth Quarter Results

Washington, D.C. – The National Capital Bank of Washington (NCB) reported a net loss of \$(277,000), or \$(0.96) per common share, for the three months ended December 31, 2017, compared to net income of \$937,000 or \$3.25 per share for the quarter ended December 31, 2016. Included in the \$(277,000) loss is a one-time write-down of \$880,000 of deferred tax assets due to the reduction in corporate tax rates for 2018. For the year ended December 31, 2017, NCB reported net income of \$1,971,000, or \$6.83 per share, compared to \$4,685,000, or \$16.27 per share for the year ended December 31, 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 twelve months of 2017 compared to a \$3,662,000 provision reversal for the same period in 2016. Non-performing loans to total loans have decreased from 1.95% to 0.20% over the last year.

Total assets increased year-over-year to \$429,752,000 at December 31, 2017 compared to \$412,162,000 at December 31, 2016. Total loans of \$271,037,000 at December 31, 2017 increased 29.8% from \$208,724,000 the year before as the Bank continued to build and expand its commercial and commercial real estate lending programs. Of this growth, \$16,900,000 occurred during the fourth quarter. Total deposits grew to \$380,651,000 at December 31, 2017, a 5.1% increase over \$362,170,000 the year before with \$16,985,000 gathered in the fourth quarter. The Bank's net interest margin increased to 3.26% at December 31, 2017 up from 2.87% a year ago as a result of the improvements in credit quality, loan growth and a change in the mix of the loan portfolio.

Total shareholders' equity increased to \$43,628,000 at December 31, 2017 from \$40,985,000 a year ago. For the year ended December 31, 2017 the return on average assets and return on average equity was 0.47% and 4.51%, respectively.

Richard B. (Randy) Anderson, Jr. President and Chief Executive Officer said, "Adjusting for the impact of the one-time deferred tax asset write-down, as well as the loan loss provision reversals and gains on sale of securities, we are excited about the continued progress made during 2017 to improve the core earnings potential of the Bank and position it for greater profitability in 2018. Net interest income has improved significantly and the lending, business development and support staff are now in place to continue this momentum without any significant additions."

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 residential mortgage and commercial lending offices and a wealth management services division. NCB product and service offerings include personal and business deposit accounts, robust online and mobile banking, sophisticated treasury management solutions, remote deposit capture and merchant processing – all delivered with top-rated personal service. NCB is well-positioned to serve all the banking needs of those in our community. For more information about NCB, visit www.nationalcapitalbank.com. The Bank trades under the symbol NACB.

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 December 31		Twelve Months Ended December 31	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Condensed Statement of Income:				
Interest income	\$3,580	\$3,182	\$13,529	\$11,822
Interest expense	151	111	508	447
Net interest income	3,429	3,071	13,021	11,375
Provision (reversal) for loan losses	0	(892)	(1,264)	(3,662)
Net interest income after provision	3,429	3,963	14,285	15,037
Non-interest income	502	446	1,982	2,319
Non-interest expense	3,124	2,775	11,733	9,545
Income before taxes	807	1,634	4,534	7,811
Income tax provision	204	697	1,683	3,126
Writedown of deferred tax assets due to change in corporate tax rates	880	0	880	0
Net income (loss)	(\$277)	\$937	\$1,971	\$4,685
Share Data:				
Weighted avg. no. of shares outstanding	288,777	288,033	288,632	287,893
Period end shares outstanding	288,777	288,033	288,777	288,033
Per Common Share Data:				
Net income	-\$0.96	\$3.25	\$6.83	\$16.27
Closing Stock Price			\$220.49	\$176.00
Book Value			\$151.08	\$142.29
Profitability Ratios, Annualized:				
Return on average stockholders' equity	-2.48%	10.50%	4.51%	11.28%
Return on average total assets	-0.26%	0.90%	0.47%	1.13%
Average equity to average total assets	10.49%	10.08%	10.38%	10.06%
Condensed Balance Sheets:				
	December 31	December 31		
	<u>2017</u>	<u>2016</u>		
Assets				
Cash and equivalents	\$24,791	\$23,912		
Securities, available for sale	117,243	164,695		
Loans	271,037	208,724		
Allowance for loan losses	(3,479)	(4,711)		
Premises and equipment, net	2,782	2,710		
Bank owned life insurance	11,395	11,115		
Other assets	5,983	5,717		
Total assets	\$429,752	\$412,162		
Liabilities and stockholders' equity				
Deposits	\$380,651	\$362,170		
Securities sold under agreement to repurchase	4,067	6,662		
Other liabilities	1,406	2,345		
Stockholders' equity	43,628	40,985		
Total liabilities and stockholders' equity	\$429,752	\$412,162		
Other Data:				
Non-performing loans to total loans		0.20%	1.95%	
Allowance to total loans		1.28%	2.26%	
Net charge-offs (recoveries) to average loans		-0.01%	-1.68%	
Net interest margin for the quarter		3.40%	3.02%	
Net interest margin for the year		3.26%	2.87%	