



**FOR IMMEDIATE RELEASE**

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## **The National Capital Bank of Washington Reports Second Quarter Results**

**Washington, D.C.** – The National Capital Bank of Washington (NCB) reported net income of \$533,000, or \$1.84 per common share, for the three months ended June 30, 2018, compared to net income of \$571,000 or \$1.98 per share for the quarter ended June 30, 2017. For the six months ended June 30, 2018, NCB reported net income of \$1,160,000, or \$4.01 per share, compared to \$1,744,000, or \$6.05 for the six months ended June 30, 2017. Excluding a loan loss provision reversal of \$1,264,000 in the first six months of 2017, earnings remained stable year over year. Additionally, with credit quality improvements, non-performing loans to total loans have decreased from 0.25% to 0.15% over the last year.

Total assets increased to \$436,806,000 at June 30, 2018 compared to \$429,752,000 at December 31, 2017 and \$420,461,000 at June 30, 2017. Total loans of \$297,505,000 at June 30, 2018 increased \$26.5 million or 9.8% year-to-date and were up over \$64 million from \$233,420,000 the year before as the Bank continued to expand commercial and commercial real estate lending activities. Total deposits of \$383,125,000 at June 30, 2018 were up marginally year-to-date but, were up 4.4% compared to \$367,045,000 the year before. The Bank's net interest margin continued to improve to 3.54% at June 30, 2018 up from 3.26% at year-end 2017 and 3.15% a year ago as a result of growth and a change in the mix of the loan portfolio while maintaining a low cost of funds on deposits.

Total shareholders' equity decreased to \$41,857,000 at June 30, 2018 from \$43,628,000 at year-end 2017 and \$44,290,000 a year ago. The decrease resulted from adjustments relating to a one-time write-down of deferred tax assets due to the reduction in corporate tax rates in late 2017, a \$1 million stock repurchase program completed in June 2018 and a decline in the market value of the Bank's investment portfolio in a rising interest rate environment. For the six-month period ended June 30, 2018 the return on average assets and return on average equity was 0.53% and 5.43%, respectively.

Richard B. (Randy) Anderson, Jr. President and Chief Executive Officer said, "Highlights of the second quarter were an acceleration in the pace of loan growth, good progress in developing business at our new branch and business office in the Courthouse area of Arlington and the completion of a \$1 million stock repurchase approved by our shareholders. The costs associated with opening and marketing the new branch and office, outsourcing our stock registrar function and initiating certain operating system improvements were a drag on second quarter earnings but, are anticipated to add to profitability in the long run by opening new business opportunities and improving operating efficiency." Anderson continued, "Increased competition for deposits became more evident in the second quarter and growing deposits will represent a challenge the remainder of the year. The addition of the Courthouse branch and the recent legislation allowing CDARs and ICS accounts to serve as core deposits will play an important role in meeting this challenge."

The National Capital Bank of Washington was founded in 1889 and is Washington's Oldest Bank. NCB is headquartered on Capitol Hill with an additional office in Friendship Heights and a new office in the Courthouse neighborhood of Arlington, Virginia, 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](http://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.

**The National Capital Bank of Washington  
Financial Highlights**

(In thousands, except share data)  
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2018	2017	2018	2017
<b>Condensed Statement of Income:</b>				
Interest income	\$3,892	\$3,451	\$7,568	\$6,445
Interest expense	238	93	397	211
Net interest income	3,654	3,358	7,171	6,234
Provision (reversal) for loan losses	0	0	0	(1,264)
Net interest income after provision	3,654	3,358	7,171	7,498
Non-interest income	487	621	1,019	1,066
Non-interest expense	3,402	3,039	6,582	5,675
Income before taxes	739	940	1,608	2,889
Income tax provision	206	369	448	1,145
Net income	<u>\$533</u>	<u>\$571</u>	<u>\$1,160</u>	<u>\$1,744</u>

**Share Data:**

Weighted avg no. of shares outstanding	289,163	288,668	289,025	288,485
Period end shares outstanding	286,798	288,777	286,798	288,777

**Per Common Share Data:**

Net income	\$1.84	\$1.98	\$4.01	\$6.05
Closing Stock Price			\$220.00	\$185.00
Book Value			\$145.95	\$153.37

**Profitability Ratios, Annualized:**

Return on average stockholders' equity	5.02%	5.24%	5.43%	8.16%
Return on average total assets	0.49%	0.54%	0.53%	0.83%
Average equity to average total assets	9.78%	10.40%	9.82%	10.21%

**Condensed Balance Sheets:**

	June 30 2018	December 31 2017	June 30 2017
	<b>Assets</b>		
Cash and equivalents	\$10,747	\$24,791	\$16,085
Securities, available for sale	109,753	117,243	155,602
Loans, held for sale	0	0	0
Loans, held in portfolio	297,505	271,037	233,420
Allowance for loan losses	(3,615)	(3,479)	(3,463)
Premises and equipment, net	4,297	2,782	2,848
Bank owned life insurance	11,530	11,395	11,254
Other assets	6,589	5,983	4,715
Total assets	<u>\$436,806</u>	<u>\$429,752</u>	<u>\$420,461</u>
<b>Liabilities and stockholders' equity</b>			
Deposits	\$383,125	\$380,651	\$367,045
Securities sold under agreement to repurchase	6,551	4,067	7,941
FHLB advances	4,000	0	0
Other liabilities	1,273	1,406	1,185
Stockholders' equity	41,857	43,628	44,290
Total liabilities and stockholders' equity	<u>\$436,806</u>	<u>\$429,752</u>	<u>\$420,461</u>

**Other Data:**

Non-performing loans to total loans	0.15%	0.20%	0.25%
Allowance to total loans	1.22%	1.28%	1.48%
Net charge-offs (recoveries) to average loans	-0.05%	-0.01%	-0.01%
Net interest margin for the quarter	3.59%	3.40%	3.37%
Net interest margin for the year	3.54%	3.26%	3.15%