



**FOR IMMEDIATE RELEASE**  
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## **The National Capital Bank of Washington Reports Third Quarter Earnings**

Washington, DC, The National Capital Bank of Washington (NCB) reported net income of \$674,000, or \$2.35 per common share, for the three months ended September 30, 2018, compared to \$504,000 or \$1.75 per share for the quarter ended September 30, 2017. For the nine months ended September 30, 2018, NCB reported net income of \$1,833,000, or \$6.34 per share, compared to \$2,248,000, or \$7.79 for the first nine months of 2017. The results for 2017 included a reversal of loan provision expense in the amount of \$1,264,000. Non-performing loans to total loans decreased from 0.22% to 0.14% over the last year.

Total assets increased year-over-year to \$450,334,000 at September 30, 2018 compared to \$413,512,000 at September 30, 2017. Total loans of \$319,927,000 at September 30, 2018 have increased from \$254,137,000 the year before as the Bank continued to emphasize commercial, commercial real estate and construction lending programs. Total deposits also increased to \$382,720,000 at September 30, 2018 compared to \$363,666,000 the year before. The Bank's net interest margin for the year increased to 3.56% at September 30, 2018 up from 3.21% a year ago as a result of continued loan growth and a change in the mix of earning assets toward higher yielding commercial loans.

Total shareholders' equity decreased to \$42,019,000 at September 30, 2018 from \$44,549,000 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 continued decline in the market value of the Bank's investment portfolio in the current rising interest rate environment partially offset by the quarter's earnings. For the nine months ended September 30, 2018 the return on average assets and return on average equity was .84% and 8.61%, respectively.

Richard B. (Randy) Anderson, Jr. President and Chief Executive Officer said, "Overall, we were pleased with our third quarter results which included continued robust loan production and improved core earnings despite the carrying costs of the new Courthouse branch and business office in Arlington. However, we have our eye on building headwinds in the cost of and competition for deposits, which impact funding and the net interest margin. These factors in concert with a seasonal dip in transaction account balances due to the Federal fiscal year-end and the Bank's base of Federal related customers will require a greater focus on maintaining competitive deposit rates and exploring alternative funding sources to keep our momentum going."

The National Capital Bank of Washington was founded in 1889 and is Washington's Oldest Bank. NCB is headquartered on Capitol Hill with offices in the Friendship Heights community in Northwest D.C., and most recently the Courthouse/Clarendon community in Arlington, Virginia. NCB also operates 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 September 30		Nine Months Ended September 30	
	2018	2017	2018	2017
<b>Condensed Statement of Income:</b>				
Interest income	\$4,179	\$3,504	\$11,747	\$9,949
Interest expense	358	146	755	357
Net interest income	3,821	3,358	10,992	9,592
Provision (reversal) for loan losses	55	0	55	(1,264)
Net interest income after provision	3,766	3,358	10,937	10,856
Non-interest income	476	415	1,495	1,480
Non-interest expense	3,313	2,934	9,897	8,609
Income before taxes	929	839	2,535	3,727
Income tax provision	255	335	702	1,479
Net income	<u>\$674</u>	<u>\$504</u>	<u>\$1,833</u>	<u>\$2,248</u>

**Share Data:**

Weighted avg no. of shares outstanding	286,798	288,777	289,214	288,583
Period end shares outstanding	286,798	288,777	286,798	288,777

**Per Common Share Data:**

Net income	\$2.35	\$1.75	\$6.34	\$7.79
Closing Stock Price			\$212.00	\$212.00
Book Value			\$146.51	\$154.27

**Profitability Ratios, Annualized:**

Return on average stockholders' equity	6.37%	4.53%	8.61%	6.92%
Return on average total assets	0.60%	0.48%	0.84%	0.72%
Average equity to average total assets	9.50%	10.61%	9.71%	10.35%

**Condensed Balance Sheets:**

	September 30 2018	December 31 2017	September 30 2017
<b>Assets</b>			
Cash and equivalents	\$5,948	\$24,791	\$22,755
Securities, available for sale	105,279	117,243	120,894
Loans, held for sale	0	0	0
Loans, held in portfolio	319,927	271,037	254,137
Allowance for loan losses	(3,682)	(3,479)	(3,471)
Premises and equipment, net	4,674	2,782	2,852
Bank owned life insurance	11,599	11,395	11,325
Other assets	6,589	5,983	5,020
Total assets	<u>\$450,334</u>	<u>\$429,752</u>	<u>\$413,512</u>
<b>Liabilities and stockholders' equity</b>			
Deposits	\$382,720	\$380,651	\$363,666
Securities sold under agreement to repurchase	2,993	4,067	4,232
FHLB advances	21,000	0	0
Other liabilities	1,602	1,406	1,065
Stockholders' equity	42,019	43,628	44,549
Total liabilities and stockholders' equity	<u>\$450,334</u>	<u>\$429,752</u>	<u>\$413,512</u>

**Other Data:**

Non-performing loans to total loans	0.14%	0.20%	0.22%
Allowance to total loans	1.15%	1.28%	1.37%
Net charge-offs (recoveries) to average loans	-0.05%	-0.01%	-0.01%
Net interest margin for the quarter	3.64%	3.40%	3.33%
Net interest margin for the year	3.56%	3.26%	3.21%