



FOR IMMEDIATE RELEASE

April 25, 2018

Contact: Richard B. Anderson, Jr., President & CEO or
Jeffrey L. Karafa, EVP & CFO
Phone: 202-546-8000
Email: jkarafa@ncbwash.com

The National Capital Bank of Washington Reports First Quarter Results

Washington, D.C. – The National Capital Bank of Washington (NCB) reported net income of \$629,000, or \$2.18 per common share, for the three months ended March 31, 2018, compared to net income of \$1,173,000 or \$4.07 per share for the quarter ended March 31, 2017. NCB's improved asset quality resulted in a reversal of loan provision expense in the amount of \$1,264,000 for the three months of 2017. Netting out the reverse loan provision, pre-tax core earnings increased 27% from \$684,000 to \$870,000 comparing first quarters of 2017 to 2018.

Total assets increased year-over-year to \$432,403,000 at March 31, 2018 compared to \$418,147,000 at March 31, 2017. Total loans of \$279,364,000 at March 31, 2018 increased 29.3% from \$215,981,000 the year before as the Bank continued to build and expand its commercial and commercial real estate lending programs. Total deposits grew to \$380,227,000 at March 31, 2018, a 3.5% increase over \$367,345,000 the year before. The Bank's net interest margin increased to 3.42% at March 31, 2018 up from 2.93% 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 decreased slightly to \$42,733,000 at March 31, 2018 from \$42,880,000 a year ago due to the change in market valuation of the investment portfolio in a rising rate interest rate environment, a change in the corporate tax rate that caused a write-down of the deferred tax assets in the fourth quarter of 2017, and offset by earnings for the last twelve months. For the quarter ended March 31, 2018 the return on average assets and return on average equity was 0.58% and 5.87%, respectively.

Richard B. (Randy) Anderson, Jr. President and Chief Executive Officer said, "We were pleased to see the progress in improving the Bank's core earnings during the first quarter. We now have a solid banking team assembled and are looking forward to adding to this improvement in the coming months." Anderson added, "Another highlight was the opening of the new Courthouse Office in Arlington at quarter end. We view the Rosslyn/Courthouse/Clarendon markets to have many similarities to Capitol Hill and are excited about the opportunity to bring our strong local bank brand to Arlington."

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. 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
March 31**

Condensed Statement of Income:

	<u>2018</u>	<u>2017</u>
Interest income	\$3,676	\$2,995
Interest expense	159	119
Net interest income	3,517	2,876
Provision (reversal) for loan losses	0	(1,264)
Net interest income after provision	3,517	4,140
Non-interest income	531	444
Non-interest expense	3,178	2,636
Income before taxes	870	1,948
Income tax provision	241	775
Net income	<u>\$629</u>	<u>\$1,173</u>

Share Data:

Weighted avg no. of shares outstanding	288,885	288,300
Period end shares outstanding	289,027	288,433

Per Common Share Data:

Net income	\$2.18	\$4.07
Closing Stock Price	\$229.00	\$182.00
Book Value	\$147.92	\$148.73

Profitability Ratios, Annualized:

Return on average stockholders' equity	5.87%	11.22%
Return on average total assets	0.58%	1.12%
Average equity to average total assets	9.87%	10.03%

Condensed Balance Sheets:

	<u>March 31 2018</u>	<u>December 31 2017</u>	<u>March 31 2017</u>
Assets			
Cash and equivalents	\$21,840	\$24,791	\$24,360
Securities, available for sale	112,442	117,243	161,757
Loans, held for sale	0	0	160
Loans, held in portfolio	279,364	271,037	215,981
Allowance for loan losses	(3,604)	(3,479)	(3,455)
Premises and equipment, net	3,845	2,782	2,720
Bank owned life insurance	11,461	11,395	11,184
Other assets	7,055	5,983	5,440
Total assets	<u>\$432,403</u>	<u>\$429,752</u>	<u>\$418,147</u>
Liabilities and stockholders' equity			
Deposits	\$380,227	\$380,651	\$367,345
Securities sold under agreement to repurchase	8,433	4,067	6,289
Other liabilities	1,010	1,406	1,633
Stockholders' equity	42,733	43,628	42,880
Total liabilities and stockholders' equity	<u>\$432,403</u>	<u>\$429,752</u>	<u>\$418,147</u>

Other Data:

Non-performing loans to total loans	0.19%	0.20%	0.13%
Allowance to total loans	1.29%	1.28%	1.60%
Net charge-offs (recoveries) to average loans	0.00%	-0.01%	-0.04%
Net interest margin for the quarter	3.42%	3.40%	2.93%
Net interest margin for the year	3.42%	3.26%	2.93%