



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

January 6, 2009

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The National Capital Bank of Washington  
Charter Number: 4107

316 Pennsylvania Avenue, S.E.  
Washington, DC 20003

Office of the Comptroller of the Currency

Washington DC Metro Satellite Office  
395 E Street, SW, Suite 850  
Washington, DC 20024

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Outstanding**

The major factors supporting this rating include:

- The bank's quarterly average net loan-to-deposit ratio is more than reasonable and exceeds the standards for satisfactory performance;
- A substantial majority of the bank's loans were originated in the bank's combined assessment area;
- The distribution of loans to businesses of different sizes reflects reasonable penetration among businesses of different sizes;
- The geographic distribution of business loans reflects a reasonable dispersion throughout census tracts of different income levels;
- The bank's responsiveness to community development needs and opportunities in its assessment area is excellent considering the bank's size, financial capacity, and competition for community development opportunities.

## **Scope of Examination**

This Small Bank examination assesses the bank's performance under the lending test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area through its lending activities. The evaluation period for the lending test is January 1, 2006 through June 30, 2008, as this is representative of the bank's lending strategy since the last Community Reinvestment Act (CRA) examination. Based upon the bank's business strategy and an internally prepared loan report from January 1, 2006 through June 30, 2008, we determined the bank's primary loan product is business lending. Since the bank collected and provided information on all business loans originated from January 1, 2006 through June 30, 2008, we utilized all business loan data for the lending test.

At the bank's request, Community Development (CD) activities from July 14, 2003 through January 6, 2009 were considered. All CD activities were reviewed to ensure they met the regulatory definition for community development.

## Description of Institution

The National Capital Bank of Washington (NCB), established in 1889, is an independent, intrastate community bank headquartered in the District of Columbia (DC). As of June 30, 2008, NCB had total assets of \$257 million and tier one capital of \$35 million. NCB does not have any subsidiaries or affiliates.

NCB's main office is located on Pennsylvania Avenue near the United States Capitol. In addition to its main office, NCB has a branch located on 44<sup>th</sup> Street in Friendship Heights, DC and a Messenger Service Branch that provides services in DC as well as portions of Maryland and Virginia. The main office and the Friendship Heights office are open weekdays from 9:00AM until 3:00PM and until 6:00PM on Friday. The main office offers walk-up hours from 8:00AM to 7:00PM Monday through Friday and 10:00AM to 1:00PM on Saturday, and the Friendship Heights Office has lobby hours from 10:00AM to 1:00PM on Saturday. The main office and the Friendship Heights office have full service Automated Teller Machines (ATMs). In addition to these two full service ATMs, NCB has six limited service ATMs in DC. During the evaluation period, NCB closed the ATM that was located in Gaithersburg, Maryland. There were no branches opened or closed, and there were no mergers or acquisitions during the evaluation period.

NCB is a full service community bank offering a standard range of retail banking, commercial banking, and trust services. Its retail services include checking accounts, savings programs, money-market accounts, certificates of deposit, consumer loan programs, and residential mortgages. Its commercial services include business checking accounts, money-market accounts, commercial mortgages, and lines or letters of credit. In addition, NCB offers a full range of investment products and services.

As of June 30, 2008, NCB reported net loans and leases of \$193 million or 75% of total assets. The loan portfolio is comprised of: 60% one to four family residential real-estate loans, 20% commercial real estate loans, 18% commercial and industrial loans, and 2% consumer loans. Based on an internally prepared loan report, NCB's primary lending activity from January 1, 2006 through June 30, 2008 was business lending.

Competition is strong and includes local community banks and branches of larger regional and national banks. NCB's main competitors are: E\*Trade Bank, Wachovia Bank, NA, Capital One, NA, Bank of America, NA, and Suntrust Bank.

There are no financial or legal impediments to hinder NCB's ability to help meet the credit needs of the communities it services.

NCB's last Public Evaluation (PE), dated July 14, 2003, was rated Satisfactory.

## Selection of Areas for Full-Scope Review

NCB operates in two metropolitan divisions (MDs) that are part of the Washington-Arlington-Alexandria, DC-VA-MD-WV Multi-state MSA 47900. The first MD is the Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894. The second MD is the Bethesda-Frederick-Gaithersburg, MD MD 13644. Each MD received a full-scope review.

## Ratings

NCB's overall rating is a blend of the two full-scope reviews. More weight was placed on the Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894 because all of the bank's branches and deposits are in this AA, and a majority of the bank's lending originated in this AA.

## Description of the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate Metropolitan Assessment Area

NCB has one assessment area that covers eight counties within the District of Columbia, Virginia, and Maryland. These eight counties are located within the Washington-Arlington-Alexandria, DC-VA-MD-WV Multi-state MSA 47900. Seven of the counties are located within the Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894 and one county is located within the Bethesda-Frederick-Gaithersburg, MD MD 13644. Since the bank's assessment area contains counties that fall under two different Metropolitan Divisions, the bank has two assessment areas for analysis purposes. The two assessment areas are described below:

### **The Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894**

The bank's primary AA is a portion of the Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894. The Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894 AA is comprised of the District of Columbia, Calvert, Charles, and Prince George's Counties in Maryland, Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, Warren, Alexandria City, Fairfax City, Falls Church City, Fredericksburg City, Manassas City, and Manassas Park City Counties in Virginia, and Jefferson County in West Virginia.

NCB designated all of the census tracts in the District of Columbia, Prince George's County in Maryland, and Arlington, Fairfax, Alexandria City, Fairfax City, and Falls Church City counties in Virginia as its AA. NCB could not reasonably service the other counties; therefore, they were excluded from the AA. NCB's AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Below is a summary of demographic information for this AA:

<b>Demographic Information for the Washington-Arlington-Alexandria, DC-VA-MD, WV MD 47894 AA</b>					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	615	11.22	27.32	29.27	30.89
Population by Geography	2,692,934	8.01	25.85	31.76	34.17
Owner-Occupied Housing by Geography	597,626	2.97	17.86	35.29	43.88
Businesses by Geography	255,688	6.41	18.12	31.60	41.31
Farms by Geography	2,291	2.66	13.36	41.03	42.69
Family Distribution by Income Level	644,425	21.47	17.06	20.55	40.92
Household Distribution by Income Level	248,324	15.52	40.14	29.29	15.04
Census Median Family Income (MFI)		71,100	Median Housing Value		189,321
HUD-Adjusted MFI: 2008		92,600	Unemployment Rate		3.9%
Families Below the Poverty Level		8.16%			

Source: 2000 U.S. Census Data; 2008 HUD updated MFI; unemployment rate as of June 2008

Of the 615 census tracts, 69 or 11.22% are low-income geographies, 168 or 27.32% are moderate-income geographies, 180 or 29.27% are middle-income geographies, 190 or 30.89% are upper-income geographies, and 8 or 1.30% have not been assigned an income classification.

The 2000 U.S. Census reported the total population of the AA at 2,692,934. Within the AA, there are 1,047,446 households and 644,425 families. There are 1,104,240 housing units, of which, 54% are owner-occupied, 41% are rental-occupied, and 5% are vacant housing units. Approximately 3% of owner-occupied housing is located in low-income geographies, 18% in moderate-income geographies, 35% in middle-income geographies, and 44% in upper-income geographies. The median housing cost is \$189,321.

The 2000 median income was \$71,100, and the 2008 HUD updated median family income is \$92,600. Approximately 21% of the families are low-income, 17% are moderate-income, 21% are middle-income, and 41% are upper-income. Approximately 8% of households are below the poverty level.

According to the 2008 business demographics, there are a total of 255,688 businesses in the AA. Approximately 67% of the businesses reporting have revenues less than \$1 million, approximately 6% have revenues greater than \$1 million, and the revenue was not reported for approximately 28% of the businesses. Approximately 6% of businesses are located in low-income geographies, 18% are located in moderate-income geographies, 32% are located in middle-income geographies, and 41% are located in upper-income geographies.

There are two full service branches and a Messenger Service Branch that provide services in this AA. Both branches offer a full line of traditional banking products and services and are open weekdays from 9:00AM until 3:00PM and until 6:00PM on Friday. The main office offers walk-up hours from 8:00AM to 7:00PM Monday through Friday

and 10:00Am to 1:00PM on Saturday, and the Friendship Heights Office has lobby hours from 10:00 to 1:00PM on Saturday. There are full service automated teller machines (ATMs) at both branches. In addition to these two full service ATMs, NCB has six limited service ATMs in DC.

According to the June 30, 2008 FDIC Summary of Deposit Market Share report, NCB's deposit market share within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA is .14%, ranking NCB 41 out of 102 institutions in the AA. NCB's primary competitors are: E\*Trade (2 offices, 20.12% market share), Wachovia Bank, NA (149 offices, 12.77% market share), Capital One, NA (1 office, 9.67% market share), Bank of America, NA (179 offices, 9.67% market share), and Suntrust Bank (182 offices, 7.74% market share).

The current local economy is characterized as diversified and stable. Key sectors driving the economy continue to be the federal government, technology, construction, international business, and hospitality. Some of the major employers in the Washington DC area include: the U. S. Government (both civilian and military), Lockheed Martin, Corp., Northrup Grumman, and SAIC.

According to the June 2008 Bureau of Labor Statistics data, the unemployment rate for the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA is 3.9%. The unemployment rate for the District of Columbia was 6.7%, the unemployment rate for the state of Maryland was 4.2%, and the unemployment rate for the state of Virginia was 4.2%. The national unemployment rate was 5.6% as of June 30, 2008.

During the examination, we contacted a community organization whose primary purpose is revitalization and stabilization of the Capitol Hill area. We determined through this community contact that opportunities exist for community development lending, investments, and services. According to the community contact, the primary needs of the area are residential mortgages, small business loans, business loans, grants and donations to this organization and similar organizations whose primary purpose is to revitalize and stabilize the Capitol Hill area, and people who are willing to provide financial expertise to organizations whose primary mission is to help revitalize and stabilize the distressed Capitol Hill areas. This contact commended the National Capital Bank of Washington for its positive influence on the community and for doing an outstanding job of helping to meet the needs of their community. The bank has provided and continues to provide strong leadership, loans, grants, and donations to the local community.

**The Bethesda-Frederick-Gaithersburg, MD MD 13644,**

The bank's second AA is a portion of the Bethesda-Frederick-Gaithersburg, MD MD 13644. The Bethesda-Frederick-Gaithersburg, MD MD 13644 is comprised of Frederick County and Montgomery County in Maryland.

NCB designated all 177 census tracts in Montgomery County as its AA. Even though there are no branches or ATMs in Montgomery County, this county is part of the AA because NCB has customers who work in the District of Columbia and utilize NCB's

branches and ATMs, but reside and/or operate businesses in Montgomery County. Frederick County was excluded because NCB can not reasonably service this area. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

Below is a summary of demographic information for this AA:

<b>Demographic Information for the Bethesda-Frederick-Gaithersburg, MD MD 13644</b>					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	177	1.13	23.16	39.55	36.16
Population by Geography	873,341	0.97	23.03	42.00	34.00
Owner-Occupied Housing by Geography	223,008	0.38	14.09	44.17	41.36
Businesses by Geography	87,644	0.38	23.15	40.77	35.70
Farms by Geography	1,332	0.45	16.37	44.59	38.59
Family Distribution by Income Level	226,024	17.70	17.89	22.34	42.07
Household Distribution by Income Level	80,440	1.76	35.50	44.64	18.11
Census Median Family Income (MFI)		79,252	Median Housing Value		230,387
HUD-Adjusted MFI: 2008		101,100	Unemployment Rate		3.2%
Families Below the Poverty Level		5%			

Source: 2000 U.S. Census Data; 2008 HUD updated MFI; unemployment rate as of June 2008

Of the 177 census tracts in Montgomery County, 2 or 1.13% are low-income geographies, 41 or 23.16% are moderate-income geographies, 70 or 39.55% are middle-income geographies, and 64 or 36.16% are upper-income geographies.

The 2000 U.S. Census reported the total population of the AA at 873,341. Within the AA, there are 324,940 households and 226,024 families. There are 334,632 housing units, of which, 67% are owner-occupied, 30% are rental-occupied, and 3% are vacant housing units. Approximately .38% of owner-occupied housing is located in low-income geographies, 14% in moderate-income geographies, 44% in middle-income geographies, and 41% in upper-income geographies. The median housing cost is \$230,387.

The 2000 median income for this AA was \$79,252, and the 2008 HUD updated median family income is \$101,100. Approximately 18% of families are low-income, 18% are moderate-income, 22% are middle-income, and 42% are upper-income. Approximately 5% of households are below the poverty level.

According to the 2008 business demographics, there are a total of 87,644 businesses in the AA. Approximately 69% of the businesses reporting have revenues less than \$1 million, approximately 5% have revenues over \$1 million, and the revenue was not reported for approximately 26% of the businesses. Approximately .38% of businesses are located in low-income geographies, 23% in moderate-income geographies, 41% in middle-income geographies, and 36% in upper-income geographies.

There are no branches or Automated Teller Machines (ATMs) located in this AA. However, there is a Messenger Service Branch that provides services in this AA.

According to the June 30, 2008 FDIC Summary of Deposit Market Share report, NCB's deposit market share within the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA is .14%, ranking NCB 41 out of 102 institutions in the AA. NCB's primary competitors are: E\*Trade (2 offices, 20.12% market share), Wachovia Bank, NA (149 offices, 12.77% market share), Capital One, NA (1 office, 9.67% market share), Bank of America, NA (179 offices, 9.67% market share), and Suntrust Bank (182 offices, 7.74% market share).

The current local economy is characterized as diversified and stable. Key sectors driving the economy continue to be the federal government, information technology, life sciences. Some of the major employers in Montgomery County are: National Institutes of Health, Adventist Healthcare, Food and Drug Administration, Lockheed Martin, Corp., and National Naval Medical Command.

According to the June 2008 Bureau of Labor Statistics data, the unemployment rate for the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA is 3.9%. The unemployment rate for Montgomery County was 3.2%, and the unemployment rate for the state of Maryland was 4.2%. The national unemployment rate was 5.6% as of June 30, 2008.

## **Conclusions with Respect to Performance Criteria**

NCB's performance under the Lending Test is considered satisfactory. NCB's quarterly average loan-to-deposit ratio is more than reasonable, and a substantial majority of loans originated were inside the bank's combined AA. The bank's distribution of loans represents a reasonable penetration among businesses of different sizes in each of the MDs. The bank's distribution of loans represents a reasonable dispersion throughout census tracts of different income levels. All criteria of the Lending Test are documented below.

### **LENDING TEST**

#### **Loan-to-Deposit Ratio**

NCB's quarterly average net loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and the credit needs of the AA. NCB's loan-to-deposit ratio exceeds the standards for satisfactory performance. The bank's quarterly average net loan-to-deposit ratio over the twenty one quarters since the last CRA examination was 92.24%. During this time period, the ratio ranged from a quarterly low of 76.33% to a quarterly high of 108.23%. NCB's quarterly average net loan-to-deposit ratio



compares favorably with other national financial institutions of similar size, and it compares favorably with four similarly sized and situated banks. The quarterly average net loan-to-deposit ratio for national institutions of similar size was 83.61% over the same twenty one quarters. The ratios ranged from a quarterly low of 77.88% to a quarterly high of 87.38% during that time period. The quarterly average net loan-to-deposit ratio for a custom peer group of four similarly sized and situated banks was 79.85% over the same twenty one quarters. The ratio ranged from a quarterly low of 73.47% to a quarterly high of 87.65% during that time period.

## Lending in Assessment Area

A substantial majority of NCB’s business loans were made within the bank’s combined assessment areas, and this exceeds the standard for satisfactory performance. During the evaluation period, 95% of the number and 99% of the dollar amount of total business loans were made within the bank’s assessment area. The following table details the bank’s lending within the AA by number and dollar amount of loans.

Loan Type	Number of Loans				Total	Dollars of Loans				Total*
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Business	218	95.20	11	4.80	229	127,806,271	98.80	1,550,558	1.20	129,356,829

Source: Business loan data 1/1/2006-6/30/08

## Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of loans reflects reasonable penetration among businesses of different sizes, and NCB’s record of lending to businesses of different incomes meets the standard for satisfactory performance.

### The Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894

The distribution of loans to businesses of different sizes reflects reasonable penetration among businesses of different sizes and meets the standard for satisfactory performance. Compared to the percentage of AA businesses with gross annual revenues less than or equal to \$1 million, NCB is near this ratio in terms of the number of loans originated and lower than this ratio in terms of dollar volume. The distribution by size of loans shows that approximately 39% of the loan originations are for \$100,000 or less.

The following tables detail the bank’s performance in lending to businesses of different sizes.

<b>Table 2A - Borrower Distribution of Loans to Businesses for the Washington-Arlington-Alexandria, DC-VA-MD, WV MD 47894 AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total*
% of AA Businesses	66.66%	5.78%	27.56%	100%
% of Bank Loans in AA by #	64.24%	35.76%	0.00%	100%
% of Bank Loans in AA by \$	53.06%	46.94%	0.00%	100%

Source: Business loan data 1/1/2006-6/30/2008

<b>Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Washington-Arlington-Alexandria, DC-VA-MD, WV MD 47894 AA</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	64	38.79%	3,318,185	3.82%
\$100,001 - \$250,000	25	15.15%	4,201,625	4.84%
\$250,001 - \$500,000	29	17.58%	9,937,124	11.45%
\$500,001 - \$1,000,000	21	12.73%	16,245,000	18.73%
Over \$1,000,000	26	15.76%	53,051,555	61.15%

Source: Business loan data 1/1/2006-6/30/2008

**The Bethesda-Frederick-Gaithersburg, MD MD 13644,**

The distribution of loans to businesses of different sizes reflects reasonable penetration among businesses of different sizes and meets the standard for satisfactory performance. Compared to the percentage of AA businesses with gross annual revenues less than or equal to \$1 million, NCB is significantly lower than this ratio in terms of the number of loans originated and meets this ratio in terms of dollar volume. While the percentage of the number of loans made to businesses with gross annual revenues less than or equal to \$1 million is low, the low ratio is mitigated by the fact that 16 out of the 32 loans made to businesses with gross annual revenues greater than \$1 million were made to the same business. The distribution by size of loans shows that approximately 51% of the loan originations are for \$100,000 or less.

The following tables detail the bank’s performance in lending to businesses of different sizes.

<b>Table 2A - Borrower Distribution of Loans to Businesses for the Bethesda-Frederick-Gaithersburg, MD MD 13644</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total*
% of AA Businesses	68.67%	5.32%	26.01%	100%
% of Bank Loans in AA by #	39.62%	60.38%	0.00%	100%
% of Bank Loans in AA by \$	68.80%	31.20%	0.00%	100%

Source: Business loan data 1/1/2006-6/30/2008

<b>Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Bethesda-Frederick-Gaithersburg, MD MD 13644</b>				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	27	50.94%	958,782	2.34%
\$100,001 - \$250,000	1	1.89%	250,000	0.61%
\$250,001 - \$500,000	4	7.55%	1,378,000	3.36%
\$500,001 - \$1,000,000	2	3.77%	1,216,000	2.96%
Over \$1,000,000	19	35.85%	37,250,000	90.74%

Source: Business loan data 1/1/2006-6/30/2008

## Geographic Distribution of Loans

The geographic distribution of business loans reflects a reasonable dispersion throughout census tracts of different income levels, and NCB's performance meets the standard for satisfactory performance. There were no conspicuous gaps identified within NCB's AAs.

### **The Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894**

The bank's geographic distribution of business loans reflects reasonable dispersion throughout census tracts of different income levels, and meets the standard for satisfactory performance. The percentage of NCB's business loans made in low-income geographies exceeds the percentage of businesses that are located in these geographies. The percentage of NCB's business loans made in moderate-income geographies is significantly lower than the percentage of businesses that are located in these geographies.

The following table details the bank's performance as compared to the percentage of businesses in each census tract income level.

<b>Table 3A – Geographic Distribution of Loans for the Washington-Arlington-Alexandria, DC-VA-MD, WV MD 47894 AA</b>								
Census Tract *Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	6.41%	12.73%	18.12%	8.48%	31.60%	9.70%	41.31%	67.88%

Source: Business loan data 1/1/2006-6/30/2008

(\*) There are eight census tracts classified as N/A within the AA, 2.56% of businesses are located in these N/A tracts, and 1.21% of NCB's lending was done in these N/A census tracts. The NA category consists of geographies that have not been assigned an income classification.

**The Bethesda-Frederick-Gaithersburg, MD MD 13644,**

The bank's geographic distribution of business loans reflects poor dispersion throughout census tracts of different income levels, and does not meet the standard for satisfactory performance. NCB did not originate or purchase loans to businesses located in low-income geographies. However, there were very limited opportunities to lend to businesses in low-income geographies because only 0.38% of businesses were located in low-income geographies. The percentage of NCB's business loans made in moderate-income geographies is significantly lower than the percentage of businesses that are located in these geographies. A majority of NCB's business lending originated in Chevy Chase, Potomac, Rockville, and Bethesda, which are primarily middle- and upper-income areas. These areas could reasonably be serviced through NCB's Friendship Heights branch and the ATM located on Wisconsin Avenue. However, servicing the low- and moderate-income areas would be challenging because of the location of NCB's District of Columbia branches and ATMs.

The following table details the bank's performance as compared to the percentage of businesses in each census tract income level.

<b>Table 3A – Geographic Distribution of Loans for the Bethesda-Frederick-Gaithersburg, MD MD 13644</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.38%	0.00%	23.15%	1.89%	40.77%	60.38%	35.70%	37.74%

Source: Business loan data 1/1/2006-6/30/2008

## Responses to Complaints

NCB has not received any CRA complaints during this evaluation period.

## Community Development Test

The Community Development test is rated Outstanding. NCB's community development activities in the Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894 AA demonstrate excellent responsiveness to the Community Development needs of this AA, especially when considering the bank's capacity, its performance context, and the availability of community development opportunities in this AA.

### The Washington-Arlington-Alexandria, DC-VA-MD-WV MD 47894

#### Number and Amount of Qualified Investments

During the evaluation period, NCB purchased one mortgage-backed security (MBS) totaling \$1 million. The six mortgages collateralizing the MBS were originated to low- and moderate-income borrowers who resided in this AA. In addition to the MBS, NCB made 14 grants and donations for a total of \$71 thousand to seven different community development organizations that either revitalize and stabilize low- and moderate-income areas in the AA or provide community services to low- and moderate-income individuals and families in the AA.

#### Extent to Which the Bank Provides Community Development Services

During the evaluation period, six officers provided financial and technical expertise to five different community development organizations. The following details the community services performed during the evaluation period.

- One officer provided financial and technical expertise by serving on the Board of Directors and the Finance Committee for a local organization that provides community services to low- and moderate-income individuals and families.
- One officer provided financial and technical expertise by serving on the Board of Directors of a local organization whose mission is to revitalize and stabilize the Capital Hill Area
- One officer provided financial expertise by serving as the Treasurer of a local organization whose mission is to revitalize and stabilize the Capital Hill area.
- Two officers provided financial and technical expertise by serving on the Board of Directors for an organization whose primary purpose is to provide grants to local community organizations whose primary purpose is to revitalize and stabilize low- and moderate-income areas, promote economic development, and provide community services to low- and moderate-income individuals and families.

- Three officers provided financial expertise to an organization whose primary purpose is to promote economic development in the Capitol Hill area of Washington DC.
- One officer provided financial expertise by serving as a Board member and the Treasurer of organization that provides community services to low- and moderate-income individuals.

**The Bethesda-Frederick-Gaithersburg, MD MD 13644,**

There were no community development loans, investments or services in this AA.

**Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.