



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 6, 2021

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

400 7th Street S.W.
Washington, DC 20219

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, and should not 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.

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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Outstanding**.

The lending test is rated: Satisfactory.

The community development test is rated: Outstanding.

The major factors that support this rating include:

The Lending Test rating is based on the The National Capital Bank of Washington's (NCB, bank, or institution) record of performance in meeting credit needs of its assessment area (AA):

- The bank's loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and business strategy;
- The bank originated a substantial majority of its loans within its AA;
- The bank exhibits a reasonable geographic distribution of loans in the AA;
- The bank's distribution of loans to businesses of different sizes is reasonable.

The Community Development (CD) Test rating is based on the aggregate assessment of the bank's CD activities for loans, investments, and services in the bank's AA:

- The bank's CD activities demonstrate an excellent responsiveness to the credit needs, considering the bank's capacity and the need and availability of such opportunities in the AA.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is more than reasonable.

The bank's quarterly net LTD ratio averaged 83.4 percent over the past 12 calendar quarters from June 30, 2018 to March 31, 2021. The ratio ranged from a quarterly low of 76.7 percent as of June 30, 2018, to a quarterly high of 86.2 percent as of March 31, 2021. The ratio is calculated on a bank-wide basis. The quarterly average net LTD ratio for a peer group of two similarly situated institutions with assets ranging from \$470.8 million to \$575.9 million was 66.0 percent over the same period. The peer group's ratio ranged from a quarterly low of 54.8 percent to a quarterly high of 77.3 percent during that time period. The bank's average LTD ratio compares favorably to comparable institutions located in the same AA.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA.

The bank originated and purchased 98.2 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. This analysis had a positive impact on the overall geographic distribution of lending by income level of geography.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	56	98.2	1	1.8	57	89,815	98.3	1,579	1.7	91,394
Total	56	98.2	1	1.8	57	89,815	98.3	1,579	1.7	91,394

Source: Bank Data
Due to rounding, totals may not equal 100.0%

Description of Institution

NCB is a federally chartered interstate community bank headquartered in Washington, D.C. As of April 2021, NCB is wholly owned by National Capital Bancorp, Inc. The bank does not have any operating subsidiaries or affiliates.

The bank's AA is located within the Washington-Arlington-Alexandria, DC-VA-MD-WV Multistate MSA 47900, which is unchanged from the previous performance evaluation (PE). The AA is comprised of the following metropolitan divisions:

- Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division #47894:
 - Washington, District of Columbia; Prince George's County, Maryland; Arlington and Fairfax counties, Virginia; Alexandria, Fairfax and Falls Church cities, Virginia.
- Frederick-Gaithersburg-Rockville, Metropolitan Division #23224:
 - Montgomery County, Maryland.

For purposes of this evaluation, the two metropolitan divisions were analyzed together and presented in the PE as a single AA. The AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income (LMI) geographies.

During the evaluation period, the bank operated four full-service branches, including the main office, in three states within the Washington MMSA. The bank's main office houses a branch, serves as the bank's executive office, residential mortgage, and commercial lending center. In May 2019, the bank opened a full-service branch inside the Fox Hill senior living community in Bethesda, Maryland. This location is open only to the Fox Hill community residents. None of the bank's branches are located in LMI geographies. No branches have been closed, and no merger or acquisition activities have occurred since the previous evaluation.

The bank offers a variety of credit and deposit services to businesses and consumers. Lending products include home mortgages, home equity loans, construction loans, commercial real estate, and commercial lines of credit. Deposit products include certificates of deposit, money market, and various checking and savings accounts for individuals and businesses. Alternative banking services include night depository services, direct deposit, automated teller machines (ATMs), online, and mobile banking functions. The bank also operates a wealth management services division, The National Capital Financial Group (NCFG). NCFG provides financial planning and investment services to individuals, families, and non-profits. Business hours do not vary in a way that inconveniences portions of the AA, particularly LMI

geographies and/or individuals. The bank's website <https://www.nationalcapitalbank.com> provides additional information on its products and services.

As of December 31, 2020, the bank had total assets of \$615.3 million. Total deposits were \$532.4 million and tier 1 capital totaled \$51.5 million. Net loans and leases were \$436.2 million and represented 70.9 percent of total assets. The loan portfolio consisted of 85.1 percent real estate loans, 14.7 percent commercial loans, and less than 1.0 percent individual loans.

There are no financial or legal impediments to hinder NCB's ability to help meet the credit needs of the communities it services. The bank received a "Satisfactory" rating during its last Intermediate Small Bank (ISB) CRA evaluation dated July 30, 2018.

Scope of the Evaluation

Evaluation Period/Products Evaluated

NCB was evaluated under the ISB examination procedures. The ISB procedures include a Lending Test and a CD Test. The Lending Test evaluates the bank's record of meeting the credit needs of the bank's AA through its lending activities. The CD Test evaluates the bank's responsiveness to CD needs in its AA through qualified CD lending, investments, and services.

Based on discussions with bank management and the bank's business strategy, during the evaluation period the bank's primary loan product was loans to small businesses. The evaluation period for loans to small businesses and CD activities was January 1, 2018 through December 31, 2020.

Refer to the table in appendix A for more information on the scope of the review.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is the MMSA rating. All of the interstate branches fall within the same MMSA; therefore, the conclusions formed and ratings assigned are based on a full-scope review of the bank's single AA.

Refer to the "Scope" section under the MMSA rating section for details regarding how the areas were weighted in arriving at the respective rating.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Multistate Metropolitan Statistical Area Rating

Washington MMSA

CRA rating for the Washington MMSA¹: Outstanding.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors that support this rating include:

- Reasonable geographic distribution of loans in the MMSA;
- Reasonable distribution of loans to businesses, given the product lines offered by the bank;
- Excellent responsiveness to the needs of the communities within the bank's AA.

Description of Institution's Operations in Washington MMSA

NCB provides products and services in the MMSA through four full-service branches and four ATMs within the District of Columbia, Maryland, and Virginia.

The AA is a competitive market for financial services. According to the June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, there were 72 financial institutions within the bank's AA that operated 1,492 full-service branches with aggregate deposits of \$313.5 billion. NCB ranked 30th with less than one percent deposit market share. The five most prominent financial institutions accounted for a total of 67.2 percent of the total market share.

¹ This rating reflects performance within the MMSA. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

Competition is high for small business lending in the bank's AA. In 2019, 209 lenders reported 112,230 small business loans originated or purchased in the bank's AA. The top three small business loan reporters in 2019 were American Express National Bank, JP Morgan Chase Bank N.A., and Bank of America, N.A. NCB is not required to publicly report small business lending data. As a result, the bank is not captured on the small business lending market share report.

Demographic Data

There have been no changes to the bank's AA since the previous evaluation. The composition of the AA is fully detailed in the Description of Institution section and in appendix A of this evaluation. Based on the 2015 ACS data, the AA consists of 975 census tracts of which 116 (11.9 percent) are low-income, 200 (20.5 percent) are moderate-income, 301 (30.9 percent) are middle-income, 345 (35.4 percent) are upper-income, and 13 (1.3 percent) have not been assigned an income classification.

Based on the 2020 business demographic data, there were 473,974 non-farm businesses operated in the MMSA. Of these businesses, 417,097 (88 percent) had revenues of less than \$1 million, 21,803 (4.6 percent) had revenues greater than \$1 million, and 35,074 (7.4 percent) did not report revenue information. Approximately 5.4 percent of businesses were located in low-income geographies, 17.2 percent were located in moderate-income geographies, 33.8 percent were located in middle-income geographies, and 42.9 percent were located in upper-income geographies. Service industries represented the largest portion of businesses at 46.0 percent, followed by non-classifiable establishments at 22.8 percent; finance, insurance, and real estate at 8.9 percent; and retail trade at 8.0 percent. In addition, 61.1 percent of businesses had four or fewer employees, and 91.6 percent operated from a single location. Additionally, 85.3 percent of businesses had gross annual revenues of \$0.5 million or less, indicating that the majority of businesses in the AA were very small.

The following table provides a summary of the demographics that includes housing and business information for the MMSA.

Table A – Demographic Information of the Assessment Area						
Assessment Area: National Capital AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	975	11.9	20.5	30.9	35.4	1.3
Population by Geography	4,096,851	11.3	19.8	32.5	35.7	0.7
Housing Units by Geography	1,624,226	11.4	19.7	32.3	36.0	0.6
Owner-Occupied Units by Geography	890,622	4.7	15.8	34.7	44.7	0.2
Occupied Rental Units by Geography	624,921	19.9	24.8	29.6	24.7	1.1
Vacant Units by Geography	108,683	17.7	22.3	28.8	30.6	0.6
Businesses by Geography	473,974	5.4	17.2	33.8	42.9	0.7
Farms by Geography	5,434	5.2	16.9	36.1	41.5	0.2
Family Distribution by Income Level	941,445	22.9	16.1	19.2	41.9	0.0
Household Distribution by Income Level	1,515,543	23.9	16.4	18.3	41.4	0.0
Median Family Income MSA - 23224 Frederick-Gaithersburg-Rockville, MD		\$112,655	Median Housing Value			\$443,810
Median Family Income MSA - 47894 Washington-Arlington-Alexandria, DC- VA-MD-WV		\$106,105	Median Gross Rent			\$1,567
			Families Below Poverty Level			6.2%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Economic Data

According to the November 2020 Moody's Analytics report, the economic drivers in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA were high per capita income and educated workforce, being a major center for computer systems design and tech-related professional services, and a popular tourist destination. The area's weaknesses include exposure to downturns in tourism, above-average living costs, high direct and indirect exposures to the federal government, and high business and regulatory costs.

The Moody's Analytics report also notes the MSA's economy has exited recession, and a recovery is underway; however, the COVID-19 pandemic continues to threaten the economy's progress. The increase in unemployment was less severe in the MMSA than nationwide, but the recovery has been much slower. The report projects the Washington MSA will find its stride in the second half of 2021 when a vaccine or treatment is widely distributed, but it will not be until 2024 before employment returns to pre-pandemic levels.

The largest industries by employment in the MSA are professional and business services, government, education, and health services. Top five employers include Naval Support Activity Washington, Joint Base Andrews-Naval Air Facility, MedStar Health, Marriott International Inc., and Inova Health System.

According to the U.S. Bureau of Labor Statistics, unemployment rates in the MSA experienced a steady drop during the evaluation period. However, unemployment levels nearly tripled from 3.2 percent in March 2020 to 9.4 percent in April 2020 due to the impacts of the COVID-19 pandemic and associated lockdowns and business closures. Since this time, rates have declined, but remain higher than unemployment levels prior to the pandemic. As of December 31, 2020, the unemployment rate for the Washington MSA was 6.5 percent. As of the same date, the unemployment rate for the District of Columbia was 8.1 percent and the national unemployment rate was 6.7 percent.

Community Contact

Examiners reviewed a recent community contact with an affordable housing organization conducted by other regulatory agencies for neighboring banks in the same AA. The contact indicated the economic conditions of the area were healthy, as construction activity and wages were stable, and the stimulus packages should help maintain the good economic conditions in the area. The contact stated that there is an opportunity for financial institutions to provide construction and renovation funding for affordable housing and lend to small business to help maintain operations during a period of cash flow disruptions.

Examiners also reviewed information from a recent interagency CRA listening session of community development organizations. Among other things, the identified credit needs of the AA were affordable housing, access to credit for small businesses, technical assistance for small businesses, affordable childcare, behavioral health services, access to technology for low-income students, and funding for the small grassroot organizations that are serving the smallest businesses.

In addition, the COVID-19 pandemic also created a need to lend to small business to help maintain operations during a period of cash flow disruptions. Considering the ongoing COVID-19 pandemic, demographic, and economic data; the OCC determined that small business lending was also a significant credit need.

Scope of Evaluation in Washington MMSA

The OCC conducted a full-scope review of the Washington MMSA. There are no limited-scope areas to review. All of the AA geographies are combined, analyzed, and presented as one AA for purposes of this evaluation.

Refer to the table in appendix A for a complete description of the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN Washington MMSA

LENDING TEST

The bank's performance under the Lending Test in the Washington MMSA is rated Satisfactory.

Based on a full-scope review, the bank's performance in the Washington MMSA is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the MMSA.

Small Loans to Businesses

Refer to Table Q in the “MMSA” section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s originations and purchases of small loans to businesses.

NCB originated 10.7 percent of its small business loans in low-income census tracts which significantly exceeded both the percentage of small businesses in the AA and the performance of aggregate lenders. The aggregate originated 4.7 percent of its small business loans in low-income tracts, while 5.4 percent of businesses operating within the AA were located in low-income tracts. Small business lending in moderate-income census tracts at 14.3 percent was less than the aggregate lending level and percentage of businesses located in such areas. The aggregate originated 16.8 percent of its small business loans in moderate-income tracts, while 17.2 percent of businesses operating within the AA were located in moderate-income tracts.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to businesses, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table R in the “MMSA” section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s originations and purchases of small loans to businesses.

The bank made 78.2 percent of business loans by number to businesses with gross annual revenue of \$1 million or less, compared to 88.0 percent of such businesses operating in the AA. Although, this percentage is less than the percentage of small businesses in the AA; it significantly exceeded that of the aggregate, which reported 49.7 percent of its loans to small businesses.

Responses to Complaints

There were no consumer complaints regarding the bank’s CRA performance or complaints indicating illegal or discriminatory lending practices during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development Test in the Washington MMSA is rated Outstanding.

Based on a full-scope review, the bank exhibits excellent responsiveness to CD needs in the MMSA through community development loans, qualified investments, and CD services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s AA. Performance related to CD activities had a positive effect on the bank’s rating in the MMSA.

Number and Amount of Community Development Loans

Refer to the Community Development Loan table below for the facts and data used to evaluate the bank's level of community development lending. The table includes all community development loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Washington MMSA	212	97.2	36,440	99.6
Broader Statewide/Regional Area	6	2.8	146	0.4
Total	218	100	36,586	100

During the evaluation period, NCB acted in a leadership role by participating in the SBA's Paycheck Protection Program (PPP) program. Administered by the SBA and part of the Coronavirus Aid, Relief, and Economic Security Act, PPP loans help businesses retain workers and staff during the economic crisis caused by the pandemic. Additionally, the bank made five CD loans totaling \$9.5 million for affordable housing, which is a critical CD need in the bank's AA.

Examples of qualifying community development loans include the following:

- A \$3 million working capital line of credit to a nonprofit organization that helps vulnerable neighbors in Washington D.C. experiencing homelessness and poverty. The organization offers a variety of services, including affordable housing, counseling, addiction treatment, job training and provide food, clothing, and healthcare to those in need.
- Two loans totaling \$2.9 million to finance the construction of two residential apartment buildings in Washington D.C. Both buildings are located in low-income geographies. The tenant's rent will be subsidized through the D.C. Housing Choice Voucher Program (HCVP).

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Washington MMSA	0	0	36	3,663	36	100	3,663	100	0	0

* Prior Period Investments means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The Qualified Investment Table, shown above, set forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investment, including prior period investments that remain outstanding as of the examination date.

Qualified investments totaled approximately \$3.6 million and 33 charitable donations totaling \$132 thousand. These investments were responsive to the AA's critical need for affordable housing. The investments supported affordable housing through state housing fund bonds, mortgage-backed securities, and low-income housing tax credits (LIHTCs). The donations were made to a variety of organizations that support affordable housing or community services targeted to LMI individuals.

Examples of CD investments and donations in the AA include:

- \$1 million in LIHTC project to provide financing for three affordable multifamily rental housing properties in the District of Columbia, Virginia, and Maryland.
- Five donations totaling \$43 thousand for restoration of a public housing complex for seniors that was destroyed by fire in Washington D.C.

Extent to Which the Bank Provides Community Development Services

The bank provides an adequate level of CD services.

NCB's employees provided approximately 371 service hours to five different qualifying organizations during the evaluation period. The organizations provided various community services that targeted LMI persons and households as well as supported affordable housing initiatives.

Examples of qualifying activities include the following:

- A Vice President served as a board member for a nonprofit organization whose mission is to reduce homelessness, increase community support, and promote self-sufficiency.
- An Assistant Vice President served as a board member for a nonprofit organization that supports the holistic needs of individuals and families at risk of or experiencing homelessness.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	01/01/2018 to 12/31/2020	
Bank Products Reviewed:	Small business loans Community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not Applicable		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSA		
Washington-Arlington-Alexandria, DC-VA-MD-WV MMSA	Full scope	<p>Washington-Arlington-Alexandria, DC-VA-MD-WV MD #47894:</p> <ul style="list-style-type: none"> ○ <i>Washington, District of Columbia; Prince George’s County, Maryland; Arlington and Fairfax counties, Virginia; Alexandria, Fairfax and Falls Church cities, Virginia.</i> <p>Frederick-Gaithersburg-Rockville, MD #23224:</p> <ul style="list-style-type: none"> ○ <i>Montgomery County, Maryland</i>

Appendix B: Summary of MMSA and State Ratings

RATINGS: The National Capital Bank of Washington			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
The National Capital Bank of Washington	Satisfactory	Outstanding	Outstanding
MMSA or State:			
Washington MMSA	Satisfactory	Outstanding	Outstanding

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2018-20	
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
NCB AA	56	89,814,475	100	111,484	5.4	10.7	4.7	17.2	14.3	16.8	33.8	23.2	33.3	42.9	50.0	44.7	0.7	1.8	0.5	
Total	56	89,814,475	100	111,484	5.4	10.7	4.7	17.2	14.3	16.8	33.8	23.2	33.3	42.9	50.0	44.7	0.7	1.8	0.5	

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "2020" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2018-20	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
NCB AA	56	89,814,475	100	111,484	88.0	78.2	49.7	4.6	21.8	7.4	0		
Total	56	89,814,475	100	111,484	88.0	78.2	49.7	4.6	21.8	7.4	0		

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data, "2020" data not available.
Due to rounding, totals may not equal 100.0%