

2018

MISSION REPORT



Working Together.
Building Community.



Stories of Co-op Impact

Sponsored by



Working Together. Building Community.

National Cooperative Bank is the only bank in the United States dedicated to delivering nationwide banking products and solutions to cooperatives and other member-owned organizations to help communities thrive.

We operate for the benefit of our cooperative members—not outside investors. This allows us to focus on our commitment to support affordable housing, healthy food, renewable energy, small business growth, community-driven health care and nonprofit organizations.



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*This is
who
we are*



– OUR MISSION –

Our mission is to support and be an advocate for America's cooperatives and their members, especially in low-income communities, by providing innovative financial and related services.

– OUR EMPLOYEE DEMOGRAPHICS –

317
Total

65%
Female

28%
Minority

– OUR COMPANY AWARDS –

The Washington Post Top Workplaces for Mid-Sized Companies since 2014.

The Society for Human Resource Management, Best Employers in Ohio since 2015.

The Mortgage Bankers Association honored NCB as having the Best Overall Corporate Diversity Program.

The Nation's Best and Brightest in Wellness® by the National Association for Business Resources. The program honors companies and organizations that recognize and celebrate quality and excellence in employee health.



– OUR CORE VALUES –

CUSTOMER FOCUS



ACCOUNTABILITY



COLLABORATION



EMPOWERMENT



DIVERSITY



INSPIRATION



INTEGRITY



COMMITMENT TO FINANCIAL EDUCATION

ONLINE FINANCIAL EDUCATION

Impact: 282 Students

NCB provides free online financial education in five local high schools. 282 students participated in 1,684 hours of learning.

Impact: 310 Adults

NCB's adult online financial education program is free to anyone and, in 2018, 310 adults accessed the online platform and completed 108 courses.



FINANCIAL EDUCATION PROGRAMS

Senior Citizens: Fraud Prevention and Education

In partnership with local nonprofit organizations, NCB provided education to senior citizens on fraud prevention and education on those re-entering the workforce.

School Savings Programs

IMPACT: 8 SCHOOLS & 1,667 STUDENTS

NCB partnered with local elementary, middle, high schools and colleges to provide education programs focused on saving, credit, budgeting and career planning.

GLOBAL ALLIANCE FOR BANKING ON VALUES

National Cooperative Bank was selected to join as a member of the **Global Alliance for Banking on Values (GABV)**. GABV is a network of the world's leading banks and credit unions with a shared mission:

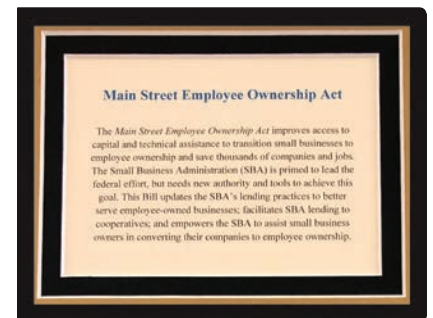
To use finance to develop sustainable economic, social and environmental development, with a focus on helping individuals fulfill their potential and build stronger communities.

**global alliance
for banking
on values**



ADVOCACY

NCB was instrumental in the **“Main Street Employee Ownership Act”**, which was passed by Congress and signed into law in August, 2018. This act provided language to make SBA 7(a) loans more accessible to cooperatives and directs the SBA to work with lenders, the cooperative business community and other relevant federal agencies to develop practical reform to make their lending programs more accessible to all eligible cooperatives.



*This
is what
we do*





EXPANDING ACCESS TO CO-OP HOUSING IN NEW YORK AND BEYOND

NCB works with HomeOwnership Lending to help residents buy into limited-equity cooperatives

What would you do with \$3.7 million?

**A \$3.7 million
line of credit
originates
\$5 million
in shares loans
for NY low-and
moderate-income
residents.**

If you're **HomeOwnership Lending**, you help more low-and moderate-income New Yorkers become homeowners.

HomeOwnership Lending is a new specialized lender with a nonprofit purpose that provides loans for affordable cooperative housing in New York State and beyond. It's designated as a Community Development Financial Institution and is a subsidiary of the Urban Homesteading Assistance Board (UHAB).

In 2018, the National Cooperative Bank provided a \$3.7 million line of credit to HomeOwnership Lending that will originate \$5 million of individual share-loans for low-and moderate-income residents buying into limited-equity housing cooperatives in the Empire State.

"There has been a long-standing need for access to small share-loans," says Ann Fedorchak, NCB's director of Cooperative and Community Development.

“This shortage has limited the number of potential buyers which is hindering the ability of housing co-ops to attract new members.”

Working with HomeOwnership Lending and UHAB, NCB developed a financing program that eases limitations and makes funds available to qualified applicants. **The program provides borrowers a minimum loan amount of \$10,000 and a 15-year, fixed-rate term.** NCB’s line of credit could support up to 70 share-loans with the option of increasing the funding capacity to meet additional demand.



NCB’s mission is to create access to capital for affordable housing, on a national scale.

Ann Fedorchak
Director of Cooperative and
Community Development

“This program will help us meet the need for qualified applicants to buy affordable co-op housing,” says Andy Reicher, UHAB’s executive director. “We couldn’t have done this without NCB’s support.”

HomeOwnership Lending is marketing the new share-loan availability with co-op buildings and boards in New York City and the surrounding area. **But the pilot program in New York State is just the beginning.**

“We hope to partner with other states to meet a similar need for low-income households across the country,” Reicher says. **“This program sets us on the path for growth.”**

“NCB’s mission is to create access to capital for affordable housing,” Fedorchak says. “Working with HomeOwnership Lending on this financing program is hopefully just the beginning as we see the initiative expanding, helping to create more affordable housing on a national scale.”



HELPING THE ELDERLY IN MICHIGAN

A health care start-up works with NCB to serve a vulnerable population

In late 2018, National Cooperative Bank provided a **\$2.96 million non-revolving line of credit** to help a **budding nonprofit** serve **low-income elderly residents** in Traverse City, Michigan.

The funds will provide working capital for PACE North, a nonprofit formed in 2016 to provide health care and social service programs to area seniors. PACE North is one of more than 240 PACE (Program for All-Inclusive Care for the Elderly) centers in 31 states.

PACE is a model of care that enriches the lives of its participants and families. It provides the community it serves a comprehensive model of care as an alternative to nursing home placement.

“As a new business start-up, the line of credit loan provides the necessary initial working capital until PACE becomes financially sustainable,” said Kory Hansen, administrator and CEO for Grand Traverse Pavilion, PACE North’s sponsor and a county-owned provider of non-acute health care services to local residents. He is also a PACE North board member.

“Having these funds available allows our management team to focus on the critical elements of building a successful program that serves this vulnerable population,” Hansen said.

PACE North recently completed the renovation of a two-story, 18,000-square-foot building that will serve as its program headquarters. Now awaiting state inspection and federal approval, the nonprofit expects to open its doors in July 2019.

“We look forward to getting the program opened to start enrolling participants and actually serve the at-risk elderly population in our region that desperately needs long-term care and support services that allow them to remain living in their homes,” noted Hansen.

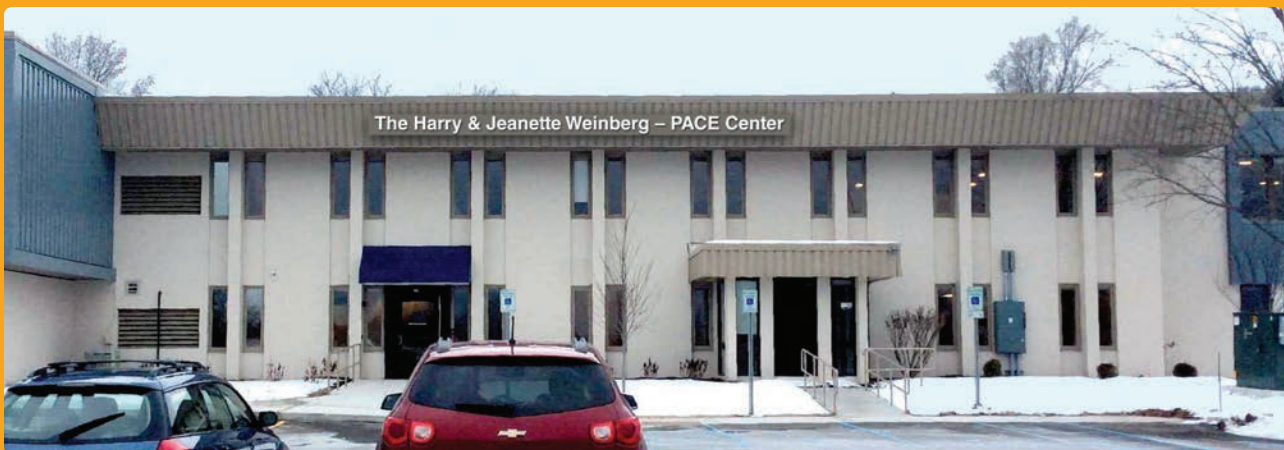
“NCB has been a valuable partner,” he added. “Its knowledge and experience of the PACE industry has assisted our organization in being creative and proactive in addressing our cash-flow needs during the infancy stage of this program.”

For NCB Senior Vice President Bob Montanari, helping PACE North with its financing needs clearly met the bank’s mission of supporting underserved and low-income communities.

“Elderly care is a growing need, and we strongly support PACE,” Montanari said. “NCB was glad to help PACE North achieve its strategic objective of helping serve the senior population of Traverse City.”

NCB has been a valuable partner. Its knowledge and experience of the PACE industry has assisted our organization in being creative and proactive.

Kori Hansen
Administrator and CEO
Grand Traverse Pavilion, PACE North



PARTNERING FOR SUSTAINABLE FOOD, HEALTHY COMMUNITIES IN NORTH CAROLINA

Longtime NCB customer Weaver Street Market opens a new grocery store in Raleigh's burgeoning warehouse district

When Weaver Street Market wanted to open its fourth North Carolina store, the large cooperatively owned grocery chain made two key decisions.

It chose a location in The Dillon, the new mixed-development area in downtown Raleigh's vibrant warehouse district.

And it turned to National Cooperative Bank to finance its expansion.

An NCB customer since 1999, Weaver Street Market returned to the bank in 2018 for financing assistance with the build-out of its new store. The \$5.9-million project included upfitting a 12,693-square-foot retail space in The Dillon. In addition to the lower-level retail space, the project features an adjoining 6,500-square-foot mezzanine level, where the downtown Raleigh community can gather and dine on Weaver Street Market's fresh-prepared food selections.

The new location, slated to open in May 2019, is the co-op's fourth location in the state's Triangle Region. That's the central area formed by Duke University in Durham, The University of North Carolina in Chapel Hill and North Carolina State University in Raleigh. Weaver Street Market expects the new Raleigh store to increase the co-op's sales by 30 percent.

"We're excited about bringing Weaver Street Market to Raleigh," says Ruffin Slater, general manager and co-founder. "This move reflects our long-term plans to expand into new downtown locations where we can share the co-op experience with customers who value sustainable food and healthy communities."





Like Weaver Street Market's three other stores, the Raleigh site will curate its products to ensure they're fresh, healthy, sustainable and locally sourced. The co-op also owns and operates a central kitchen and bakery, where it prepares freshly made items with high-quality ingredients, delivering these daily to its stores.

Weaver Street Market is owned both by its members and employees. It counts about 21,000 consumer-owners. Of the 250 people the co-op employs, 221 are worker-owners. It also partners with more than 100 local and independent food producers who share its values. Each Weaver Street Market store has strong bonds with the communities it serves. In 2018, the co-op donated \$376,600 to local nonprofits working to end food insecurity.

"We've done several projects with NCB over the past 20 years," Slater says. "They have become our go to financial institution. The bank understands our co-op structure, which makes it super easy to work with them. We have a close working relationship."

This loan is a perfect example of our mission and values. We are able to continue our long-standing relationship with Weaver Street Market, and bring local, healthy food to a community.

Brian Misenheimer
Senior Vice President

"For NCB, this loan is a perfect example of our mission and values. We are able to continue our long-standing relationship with Weaver Street Market, and bring local, healthy food to a community, says Senior Vice President Brian Misenheimer.



A PARTNER IN CHICAGO'S HEALTH CARE COMMUNITY

NCB finances a new clinic for the city's medically underserved residents

Low-income residents in northwest Chicago now have greater access to affordable health care, thanks to a financial partnership between PrimeCare Community Health and National Cooperative Bank.

In 2018, NCB provided the nonprofit with a \$5.8 million loan to support a New Markets Tax Credit (NMTC) financing package. The New Markets Tax Credit program offers tax incentives to businesses willing to invest in economically challenged communities. As a Federally Qualified Health Center, PrimeCare provides primary health care services to the medically underserved population at eight Chicago locations. **It receives 65,000 patient-visits a year.**

The NMTC financing allowed PrimeCare to acquire and renovate a two-story, 16,000-square-foot clinic in the city's Belmont Cragin community. The facility is expected to open in the spring of 2019. It will house **22 medical exam rooms, four dental suites and community meeting space** to provide the full scope of health care services for a community largely populated by Latino and Eastern European immigrants. The clinic also will offer behavioral health services and medication-assisted treatment for opiate addiction. **Eventually, PrimeCare expects the site to receive an estimated 17,000 visits and employ 65 people**, including medical providers, dentists and clinical social workers.



NCB was incredibly accommodating. Its staff understands our vision and what we do. I was so impressed, I have recommended NCB to others.

Robin McGinnis
PrimeCare CEO



NCB also provided PrimeCare a \$600,000 revolving line of credit to help the nonprofit pay for its operating expenses while it waits to collect federal funds for its patient services.

“Many nonprofits serve significant needs, but they often have limited access to capital,” said Bob Montanari, NCB Senior Vice President who put together the transaction. “It’s NCB’s mission to help nonprofits accomplish their strategic objectives. With PrimeCare’s clear objective to expand to ensure that underserved and uninsured residents don’t go without health care, we were able to step in to provide the necessary financing.”

“NCB was incredibly accommodating,” said Robin McGinnis, PrimeCare’s CEO. “Its staff understands our vision and what we do. They were easy to work with. I was so impressed, I have recommended NCB to others.”

PrimeCare is looking at ways to serve other underserved areas in the city. “We have a lot of plans on the books,” McGinnis said, “I would have no qualms about working with NCB again.”

SAVING MUCH-NEEDED HOUSING IN ATLANTA

NCB financing allows a co-op to complete a major renovation

By 2016, **Oxford Village Townhouses** needed a complete renovation if it was going to survive.

A limited-equity housing cooperative in south-east Atlanta, Oxford Village Townhouses was built in 1972. After more than four decades of use, **its 188 housing units required major capital improvements.**

The co-op has a contract with the U.S. Department of Housing and Urban Development providing a Section 8 subsidy to eligible co-op members, including the elderly, the disabled and low-income households. But typical financing programs through government agencies such as Fannie Mae and the Federal Housing Administration were not available to Oxford Village Townhouses.

So, property manager Bill Henley reached out to National Cooperative Bank. Henley is a partner in DWilliams Management Group, which manages the cooperative. Because he and his partners had previously worked with NCB to finance other Atlanta properties, Henley believed NCB could help with financing when traditional lenders would not.

At NCB, Dion Smith and Casey Fannon evaluated the project. Smith is one of NCB's credit officers; Fannon is the bank's chief lending officer. The two thought of Oxford Village's co-op members and the people who could be served by a restored property.

Smith and Fannon knew the co-op receives government-guaranteed funds to pay for housing. They were also aware that, despite its condition, Oxford Village had a waiting list of people wanting to move in.



“It’s part of NCB’s mission to help provide safe, clean, affordable housing,” Fannon said. “Saving Oxford Village Townhouses was a project worth doing.”

In November 2018, NCB loaned \$4 million to the Atlanta co-op. Approximately \$3 million will go toward making the major capital improvements, which should be completed by April 2020. The rest has been used to pay off a loan to HUD and to fund the co-op’s reserves. Today, the renovations are underway, and Oxford Village Townhouses is taking on a new look. The list of improvements for its two-story,

garden-style apartments includes new roofing, heating and cooling units, windows, insulation, painting, siding, electrical, plumbing, structural decking and paving.

The reinvigorated housing co-op will soon be able to **resume providing housing for at least 37 homeless individuals**, as required under a previous federal grant. “It’s a good program for those coming out of homeless shelters,” says Henley.



The renovations have had a “tremendous impact” on the people who live there, he adds. **One resident had a single word for Henley as he recently drove through the property to view the restoration progress: “Hallelujah!”**

“Without NCB, this property wouldn’t have survived,” Henley says. “We’re proud of the work we’ve done through our relationship with NCB.”



Without NCB, this property wouldn’t have survived. We’re proud of the work we’ve done through our relationship with NCB.

Bill Henley
Partner
DWilliams Management Group



*This is
how we're
doing*



Your Choices Reflect Your Values. Your Bank Should, Too.

NCB SERVES **COOPERATIVES AND LIKE-MINDED, SOCIALLY RESPONSIBLE ORGANIZATIONS** THROUGHOUT THE UNITED STATES. THESE INCLUDE:



Our cooperative and community development mission has **guided us for 40 years** and is a critical component of what defines our institution. As part of its enabling legislation, NCB has an uncommon mandate to ensure our efforts benefit those most in need, supporting low-and

moderate-income communities and cooperative expansion initiatives. **We help low-and moderate-income communities accumulate wealth, fuel their local economies and provide affordable homeownership.**



2018 MISSION BANKING RESULTS

\$240.4 Million

In 2018 alone, NCB made loans and investments of \$240.4 million to benefit low-and moderate-income families and communities.

\$219,854,670	Co-op & Community Development Loans
\$ 18,820,000	Low/Moderate Income Mortgage Loans
\$ 1,675,523	Investments & Grants

Grand Total
\$240,350,193

46
affordable
housing
communities
totaling
4,007 units.

\$22.2 million
in new
cooperative
development.

277
new jobs
created in
low-and moderate-
income
communities.

2018 CO-OP & COMMUNITY DEVELOPMENT SECTORS

AFFORDABLE HOUSING \$107,350,000	ALASKA/ NATIVE \$13,500,000	COMMERCIAL REAL ESTATE \$4,740,000	CREDIT UNIONS \$58,693,583
FOOD \$12,190,000	HEALTH CARE \$8,957,087	NONPROFIT/ COMMUNITY DEVELOPMENT \$3,740,000	SMALL BUSINESS \$10,684,000

Grand Total
\$219,854,670

BANK ENTERPRISE AWARD

NCB was awarded \$227,282 through the U.S. Department of Treasury's CDFI Fund. In 2018, NCB disbursed grant awards to four CDFI's to support their cooperative development efforts in worker-owned co-op development and expanding membership and services for low-income credit unions.

- Cooperative Fund of New England - \$50,000
- Local Enterprise Assistance Fund - \$50,000
- Shared Capital Cooperative - \$50,000
- Inclusiv - \$77,282



*We do well,
to do good.*





COOPERATIVE PRINCIPLES

Voluntary and Open Membership

Democratic Member Control

Members' Economic Participation

Autonomy and Independence

Education, Training, and Information

Cooperation Among Cooperatives

Concern for Community

2018 MISSION REPORT

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