







2021 ANNUAL REPORT















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About Us

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 businesses, community-driven health care and non-profit organizations. NCB serves a variety of cooperatives and likeminded, socially responsible organizations throughout the United States.

These include community-owned housing, such as co-ops and community associations; community-driven healthcare solutions; retailer-owned grocers and consumer-owned food cooperatives; small business cooperatives; consumer-owned credit unions and credit union service organizations and Community Development Financial Institutions (CDFIs).

Our cooperative and community development mission has guided us for 43 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.



Who We Are

Mission



NCB's 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.

Core Values



Customer Focus



Accountability



Collaboration



Empowerment



Diversity



Inspiration



Integrity



NCB's Commitment to Diversity, Equity and Inclusion (DEI)

Our People. Our Work. Our Community.

We are dedicated to attracting, developing, and retaining the most diverse talent. We offer an inclusive environment where employees are respected, challenged, and rewarded for their contributions to our success. We integrate the diversity of experiences, opinions, thoughts, and skills into our business decisions to ensure that we are reaching all communities where we live and work. Our commitment to cooperatives and community development has guided us since our inception and is critical to building stronger links among our customers to help all communities accumulate wealth, fuel local economies, and provide homeownership.

DIVERSITY, EQUITY AND INCLUSION (DEI)

In 2021, NCB provided \$150,000 in scholarship funds to Thurgood Marshall College Fund and the United Negro College Fund.





National Cooperative Bank has established these scholarships to demonstrate NCB's commitment to diversity, equity and inclusion to support the pursuit of education for all people.

A Letter from our CEO



It is my great privilege to deliver this message in honor of Chuck Snyder, who passed away in November 2021. For 38 years, Chuck faithfully led NCB to become the successful, socially responsible bank it is today. He was a passionate advocate of cooperatives and a staunch believer in people helping people—and the fiercest proponent of our mission to "Do Well to Do Good."

So we pay tribute to him in celebrating NCB's best year in its 43-year history, both financially and in achieving our unique mandate of helping traditionally underserved communities thrive.

We genuinely hit on all cylinders, making loans and investments of \$1.65 billion across all ten markets and with \$460 million (over 40% of the portfolio) directly benefiting low- and-moderate income families and communities.

The keys to this unprecedented success? We stuck to our knitting, leveraging our reputation and relationships within our core markets—notably housing, food, community-driven healthcare, renewable energy, hardware, credit unions, and non-profit organizations—within a favorable business environment to gain market share and end the year with record loans and deposits.

But the real credit goes to our employees, who worked tirelessly to close on such a large volume of transactions—even during a prolonged pandemic. Their customer focus and market knowledge is what sets NCB apart.





In real terms, these investments helped keep housing costs low for thousands of homeowners, provide all-inclusive care for the elderly, bring grocery stores to food deserts, enable businesses to transition ownership to employees, and save the planet by financing 20 solar projects in the clean energy space.

We also provided \$6.6 million in grants and investments to support entities serving low-income organizations and co-op development initiatives, including funding the efforts of four CDFIs in developing and expanding co-op businesses and homeownership in BIPOC communities.



Once again, NCB contributed to the annual Co-op Innovation Award, which distributed \$130,000 to five organizations promoting co-op development. Notably, Co-op Cincy received \$35,000 to launch "Power In Numbers: Black Co-op U," a three-month co-op development course created in response to the racially exacerbated effects of the health and economic crisis.

NCB continued to advocate for co-ops to ensure access to SBA loan programs and the Payment Protection Program. In addition to helping our members and customers through loan origination, servicing, and forgiveness under the PPP, we partnered with a broad coalition of cooperators to extend PPP eligibility to housing co-ops.









Furthering our commitment to diversity, equity, and inclusion, NCB provided \$150,000 in scholarships and grants to students of color and organizations. It starts at home, too: NCB is committed to creating an inclusive workplace environment where we attract, develop, and retain the most diverse talent—and integrate this diversity of experiences into building relationships with our members and customers. As such we are proud to again make the list of Top Workplaces USA, which recognizes organizations across the country. Empowered, engaged workers are the conduits to our members and customers.

Perhaps the most important investment of 2021 was the \$5 million NCB contributed to the launch of Rochdale Capital in December 2021. Chuck Snyder had the idea of creating a cooperative–focused CDFI to do the work that a regulated institution like NCB is prevented from doing, and it is our hope that NCB's initial contribution will inspire other institutions to fund the promotion of further cooperative growth.

Remarkably, we accomplished record lending while achieving record profits, finishing 2021 with \$52.9 million of net income—an all-time high.

Looking forward, I'm proud to be CEO of a place where I've spent my entire career—and to continue the good work that NCB has been doing.

I look forward to continuing to meet our amazing customers, seeing their stores or developments, learning about the services they are providing—that's a big part of what has kept me at NCB all these years.

As Chuck mentored me through his words and actions, NCB is about people helping people. That is his lasting legacy.

Casey Fannon
CEO & President



CONSOLIDATED BALANCE SHEETS (Dollars in thousands)		2021		2020
Assets				
Cash and cash equivalents Restricted cash Investment securities	\$	570,777 6,765	\$	577,624 5,541
Debt securities available-for-sale, at fair value Debt securities held-to-maturity, at amortized cost Equity securities, at fair value		298,255 8,466 1		233,352 14,213 3
Loans held-for-sale Loans held-for-investment Less: Allowance for credit losses on loans Total loans held-for-investment, net		144,672 2,117,165 (22,636) 2,094,529 10,512	_	109,200 2,062,243 (24,354) 2,037,889
Federal Home Loan Bank and Federal Reserve Bank stocks, at cost Other assets		67,563		10,512 65,865
Total assets	\$	3,201,540	\$ _	3,054,199
Liabilities and Members' Equity Liabilities				
Deposits Borrowings Patronage dividends payable in cash Other liabilities	\$	2,667,495 115,927 15,954 42,973	\$	2,563,549 115,900 12,523 40,126
Total liabilities	\$	2,842,349	\$_	2,732,098
Members' Equity				
Common stock Class B and C, \$100 par value. 3,415,000 shares authorized; 2,876,171 and 2,573,019 shares issued and outstanding, respectively. Class E, \$1,000 par value. 25 shares authorized; 14 issued and outstanding.	\$	287,631	\$	257,316
Retained earnings		207,001	———	207,010
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Allocated Unallocated Accumulated other comprehensive income	\$	37,226 30,912 3,422	\$ 	29,222 30,480 5,083
Total members' equity	\$	359,191	\$_	322,101
Total liabilities and members' equity	\$	3,201,540	\$ =	3,054,199

CONSOLIDATED STATEMENTS OF INCOME (Dollars in thousands)		2021		2020
Interest income:				
Loans	\$	98,165	\$	99,700
Investment securities		3,228		3,958
Other		488		1,705
Total interest income		101,881		105,363
Interest expense:				
Deposits	\$	9,242	\$	15,282
Borrowings	_	3,773		4,087
Total interest expense	_	13,015		19,369
Net interest income		88,866		85,994
(Reduction of) provision for credit losses on loans	_	(1,271)	- —	6,913 79.08
Net interest income after (reduction of) provision for credit losses on loans	_	90,137		79,08
Non-interest income:				
Gain on mortgage banking activities and loan sales	\$	57,529	\$	40,389
Loan servicing fees		4,565		2,46
Real estate loan fees Commercial loan fees		4,085 8 258		2,83 2,56
Deposit fee income		8,258 3,536		2,560 3,443
Other income (loss)		1,290		(40
Total non-interest income	_	79,263	- —	51,650
Non-interest expense:				
Compensation and employee benefits	\$	67,527	\$	61,230
Contractual services		7,492		5,09
(Reduction of) provision for losses on unfunded commitments		(194)		376
Occupancy and equipment		6,341		7,185
Information systems Loan costs		8,857 2,172		7,519 1,543
Loan costs Foreclosure and REO costs		2,172 74		1,547
FDIC premium		74 794		556
Corporate development		2,938		1,942
Travel and entertainment		205		333
Training and tuition		357		285
Deposit costs Other		4,951 7,275		4,338
Other Total non-interest expense	_	<u>7,375</u> 108,889	- —	1,82 92,289
Income before income taxes	_	60,511	- —	38,442
Income tax provision		7,613		4,773
Net income	\$ =	52,898	_ \$ <u> </u>	33,669
Distribution of net income:				
Patronage dividend accrual	\$	53,180	 \$	41,745
Retained loss	•	(282)	Ψ _	(8,076
Net income	<u> </u>	52 909		22 660

Net income

52,898

33,669

NATIONAL COOPERATIVE BANK

2021 Board of Directors



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NATIONAL COOPERATIVE BANK

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