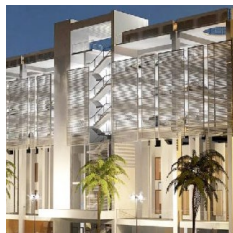


2019

ANNUAL REPORT



Working Together.
Building Community.



Commitment to Customers

Our lines of business generated a record breaking **\$1.4 billion in new loan originations** for 2019. NCB's Real Estate Line of Business originated \$901 million in financing for housing communities, \$178 million in new loans for 692 individual unit owners and \$93 million for other commercial real estate projects across the country.

NCB's commercial lines of business originated \$132.7 million and Energy and Tax Credit Finance originated \$73.6 million.

Low rates, a strong economy, and NCB's competitive market position within our niche cooperative sectors were key factors in our success.

In 2019, we made our first loan, totaling \$5.65 million for a ground up construction of a 28 unit co-housing community located in the Triangle area of North Carolina.

Village Hearth is a 55+ intentional neighborhood of LGBTs, straight friends, and allies in Durham, North Carolina. The community will consist of seven "quads" comprised of four one-story accessible cottages clustered on one end of the beautifully wooded 15-acre plot. Amenities will include a clubhouse, with a large dining/meeting room, a gourmet kitchen, an office, laundry facilities, craft/arts room and exercise room. The community will also have ample gardens, walking trails and a dog park with plans for an art studio and a workshop.



As of December 31, 2019, our deposits totaled \$2.3 billion. Our deposit growth was primarily from our real estate lockbox and payment processing initiative and our credit union customers—both traditional and correspondent banking. In 2019, we saw a 67% increase in deposits related to lockbox and payment processing. We are continuing to enhance our product offerings to management companies, so they can become more efficient and create a great customer experience for their residents.

In September, we were fortunate once again to show the benefit of cooperative ownership and **remit an \$8.8 million patronage refund to 1,711 cooperative shareholders nationwide**, including \$3.5 million in cash. We greatly value the business we have with our cooperative customers, many of which have been shareholders and committed to NCB's success for a very long time. **Our success is their success.**

☛ *NCB exists to help our cooperative customers, their members and other socially responsible organizations nationwide. We are proud to report another strong year of financial results with \$19.4 million in net income.*

“Our Success is Their Success.”

Commitment to Sustainability



NCB has been committed to renewable energy since 2008 with a focus on financing energy projects with creditworthy off-takers, such as utilities, municipalities and established commercial businesses. **In 2019, we provided over \$75 million in renewable energy lending**, including the Bank's first Community Solar transaction, a \$46.45 million loan with Syncarpha Capital to fund a 38 MW community solar project in Massachusetts under the Massachusetts SMART Program.

The Massachusetts SMART (Solar Massachusetts Renewable Target) Program which was created by the Massachusetts Department of Energy Resources is an initiative to create a long term, sustainable solar incentive program to promote cost-effective solar development.

The community solar project will be on approximately 400 acres located on six sites in Blandford, Leicester, Millbury, Northbridge and Westminster, MA. The reduction in energy expense by using solar will benefit over 2,300 consumers who will be able to participate in the community solar project.

Tufts University, the City of Everett, MA and Crane & Company will also be customers, utilizing the solar power in the project.

Once complete, this transaction will **add a clean energy source to the grid-enough to power approximately 7,000 households.**

Technology Advancement



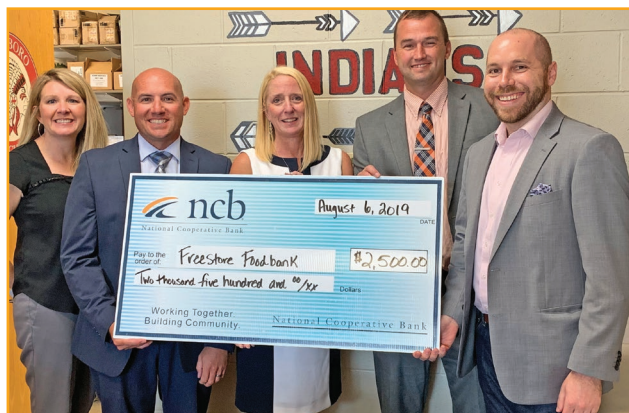
In 2019, we continued to implement our digital transformation objective and **implemented a new online loan origination system for our commercial customers.** The platform allows our customers to upload documents and monitor the stage of the loan to make it easier for customers to do business with NCB.

This past year we also **introduced a mobile banking platform** for our small business customers. Knowing the high demands of maintaining a small business, the platform allows for easy online access via their mobile device with the ability to do mobile capture.

Commitment to Community

NCB's cooperative and community development mission has guided us for 40 years and is a critical component of what defines our institution. **In 2019 alone, NCB made loans and investments totaling \$352 million to benefit low and moderate income families and communities.** This was a 46% increase from 2018. These transactions across the country created 776 new jobs and \$63.5 million in new co-op development.

In December, 2019, NCB provided \$200,000 to four Community Development Financial Institutions to help facilitate the growth of worker co-op development and small business growth in the Appalachian region.



NCB made loans and investments totaling \$352 million to benefit low and moderate income families and communities. These transactions across the country created 776 new jobs and \$63.5 million in new co-op development.



Corporate Contributions

In 2019, **NCB gave \$1.1 million in investments and grants to low and moderate income communities.** NCB's employee-driven corporate contributions committee distributed \$122,000 to 59 non-profit organizations. Funds for this committee are made possible by a dollar-for-dollar match from NCB's employee-giving campaign.

Financial Education

Financial education, both for students and adults is critical. In 2019, 173 students completed NCB's high school financial education program totaling 943 hours of learning. NCB's adult online financial education also saw success with 310 users completing 108 online courses.

Investing in Ourselves

Making all the success of 2019 possible are NCB's employees. They are dedicated and committed to our customers and mission and I personally thank them for their hard work. Our work environment and culture are critical components of NCB's success, and our efforts were validated by once again being honored as a "Top Workplace" by the Washington Post for the sixth consecutive year and recognized as one of the Best Employers in Ohio" for the fifth year in a row.



“Making all the success of 2019 possible are NCB's employees.”

We appreciate all the cooperation and dedication from our customers, community and employees and we will continue to find ways to improve our products and services to meet your needs.

In Cooperation,
Charles E. Snyder
President & CEO



We do well, to do good.



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

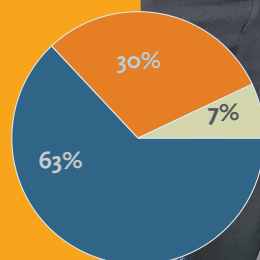
We are dedicated to attracting, developing and retaining the most diverse talent. **We offer an inclusive environment where employees are respected, challenged and rewarded for their contributions to our success.** We integrate diversity of experiences, opinions, thoughts and skills into our business 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.**

OUR PEOPLE.
OUR WORK.
OUR COMMUNITY.



Employee Demographics **318 TOTAL**

FEMALE ■
MINORITY ■
OTHER ■



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FORMER CHIEF EXECUTIVE
OFFICER AND CHAIRMAN
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Springdale, AZ



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PRINCIPAL
Patrick S. Jury Advisors, LLC
Des Moines, IA

Board of Directors



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EXECUTIVE OFFICER
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Arlington, VA



ANDREA LEVERE
FORMER PRESIDENT
Prosperity Now
Washington, DC



MARTIN LOWERY*
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Cooperative Association
Arlington, VA



CHRISTINE NEAL
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Commerce, CA



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Council of New York Area
Cooperatives & Condominiums
New York, NY



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REGIONAL VICE PRESIDENT
Mercy Housing
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DAVID P. SWANSON
PARTNER
Dorsey & Whitney LLP
Minneapolis, MN



DAVID B. VLIET
CHIEF EXECUTIVE OFFICER
LifeLong Medical Care
Berkeley, CA

*National Cooperative Bank, N.A. Board Member Only

NATIONAL CONSUMER COOPERATIVE BANK
CONSOLIDATED BALANCE SHEETS
December 31, 2019 and 2018
(Dollars in thousands)

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 400,964	\$ 339,030
Federal funds sold	-	105
Total cash and cash equivalents	400,964	339,135
Restricted cash	2,409	795
Investment securities		
Debt securities available-for-sale, at fair value	184,313	168,822
Debt securities held-to-maturity, at amortized cost	18,925	22,816
Equity securities, at fair value	4	1
Loans held-for-sale	130,050	40,995
Loans held-for-investment	1,958,932	1,772,807
Loans pledged for secured borrowings	-	305
Total loans held-for-investment	1,958,932	1,773,112
Less: Allowance for credit losses on loans	(16,961)	(15,122)
Total loans held-for-investment, net	1,941,971	1,757,990
Federal Home Loan Bank and Federal Reserve Bank stocks, at cost	10,512	10,512
Other assets	51,243	59,136
Total assets	<u>\$ 2,740,391</u>	<u>\$ 2,400,202</u>
Liabilities and Members' Equity		
<i>Liabilities</i>		
Deposits	\$ 2,281,823	\$ 1,939,032
Borrowings	115,874	146,047
Secured borrowings	-	304
Patronage dividends payable in cash	9,513	3,738
Other liabilities	39,051	29,865
Total liabilities	2,446,261	2,118,986
Commitments and contingencies		
<i>Members' Equity</i>		
Common stock		
Class B and C, \$100 par value. 2,900,000 shares authorized; 2,394,182 and 2,337,185 shares issued and outstanding, respectively. Class E, \$1,000 par value. 25 shares authorized; 13 and 15 issued and outstanding, respectively.	239,431	233,734
Retained earnings		
Allocated	14,270	5,608
Unallocated	38,430	42,240
Accumulated other comprehensive income (loss)	1,999	(366)
Total members' equity	294,130	281,216
Total liabilities and members' equity	<u>\$ 2,740,391</u>	<u>\$ 2,400,202</u>

The accompanying notes are an integral part of these consolidated financial statements.

NATIONAL CONSUMER COOPERATIVE BANK
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2019 and 2018
(Dollars in thousands)

	2019	2018
Interest income:		
Loans	\$ 97,797	\$ 88,141
Investment securities	4,983	3,979
Other	8,561	5,691
Total interest income	<u>111,341</u>	<u>97,811</u>
Interest expense:		
Deposits	29,461	19,436
Borrowings	5,909	4,231
Total interest expense	<u>35,370</u>	<u>23,667</u>
Net interest income	75,971	74,144
Provision for credit losses on loans	<u>1,441</u>	<u>511</u>
Net interest income after provision for credit losses on loans	<u>74,530</u>	<u>73,633</u>
Non-interest income:		
Gain on mortgage banking activities and loan sales	30,537	16,108
Loan servicing fees	2,750	3,465
Real estate loan fees	2,946	2,871
Commercial loan fees	397	200
Deposit fee income	2,683	2,625
Other	2,008	1,416
Total non-interest income	<u>41,321</u>	<u>26,685</u>
Non-interest expense:		
Compensation and employee benefits	60,309	54,271
Contractual services	4,771	5,931
Provision for losses on unfunded commitments	44	142
Occupancy and equipment	7,409	8,093
Information systems	7,438	7,625
Loan costs	1,560	2,253
Foreclosure and REO costs	359	338
FDIC premium	501	675
Corporate development	2,140	2,078
Travel and entertainment	1,403	1,327
Training and tuition	672	687
Deposit costs	3,902	3,281
Other-than-temporary impairment	-	70
Other	2,929	2,185
Total non-interest expense	<u>93,437</u>	<u>88,956</u>
Income before income taxes	22,414	11,362
Income tax provision	<u>2,985</u>	<u>1,484</u>
Net income	<u>\$ 19,429</u>	<u>\$ 9,878</u>
Distribution of net income:		
Patronage dividend accrual	\$ 23,783	\$ 9,346
Retained (loss) earnings	<u>(4,354)</u>	<u>532</u>
Net income	<u>\$ 19,429</u>	<u>\$ 9,878</u>

The accompanying notes are an integral part of these consolidated financial statements.

NATIONAL COOPERATIVE BANK CORPORATE INFORMATION

2019

ANNUAL REPORT

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Main Office

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Hillsboro, Ohio 45133

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(800) 322-1251



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Building Community.