

ACE Hardware



ANNUAL REPORT 2024

www.ncb.coop



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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 like-minded, 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 46 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.

OUR 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.

MISSION BANKING

In 2024, NCB made loans and investments totaling \$558 million to benefit low- and moderate-income families and communities and cooperative development.



A LETTER FROM OUR CEO



By all measurements, NCB has much to be proud of for 2024, overperforming in every way. Our growth, profitability, and strong balance sheet provide a strong backdrop, leading to many successes over the past year. NCB's strong second half enabled us to outpace our budgeted growth goals—and to close our most recent three-year strategic plan on a high note.

Our consolidated asset growth was 10.1 percent, resulting in year-end total assets of \$3.8 billion and net income of \$23 million—\$11.6 million above budget. We expanded our loan portfolio by 7.4 percent, exceeding our projected 4.1 percent growth, with a total of \$1.1 billion in loan production across all our lines of business. This growth was funded by a deposit portfolio that grew by nearly 16 percent, compared to an expected 7.5 percent.

A combination of strong earnings and lower risk-weighted assets helped us boost our capital ratios above the targeted 15 percent level, a sign of stability. Furthermore, liquidity remains strong, with over \$700 million in cash and liquid investments on balance sheet at year-end.

Three years ago, as part of our growth-focused strategic plan, we set out to increase our net interest income, thus reducing our reliance on our core yet volatile mortgage banking business. Those efforts have paid off, thanks in large part to the increases in our loan and deposit portfolios.

In addition to surpassing our 2024 financial metrics, NCB exceeded its mission goals of serving the cooperative community, focusing particularly on low- and moderate-income communities. To that end, we committed \$558 million to mission-based initiatives nationwide through direct lending and investments in our core sectors of affordable housing, healthcare, hardware, grocery, credit unions, and renewable energy.

The most notable project of 2024 was a series of loans we made to the five Electchester Housing Communities, comprising five separate limited-equity housing cooperatives in Flushing, Queens. The combined 38-building, 2,400-unit residential development was founded in 1949 as affordable housing for members of Local 3 of the International Brotherhood of Electrical Workers. In partnership with Fannie Mae, NCB provided the five cooperatives with \$185.7 million in first mortgage loans and \$14.5 million in lines of credit.



Electchester Housing Communities

These proceeds were used to refinance existing debt and fund future capital expenditures. This \$200 million transaction proved highly impactful, both in terms of its mission and loan volume. It also helped our mortgage business show a marked improvement after experiencing a dip in 2023.

In addition to making these large loans, NCB was involved in a second unique transaction involving another large New York limited equity housing cooperative. NCB won the mortgage servicing rights to Amalgamated Warbasse Houses' \$275 million first mortgage. NCB's reputation as a best-in-class mortgage servicer contributed greatly in obtaining this servicing assignment. This Mitchell-Lama cooperative is located in the Coney Island neighborhood of Brooklyn and has nearly 2,600 limited equity units. While these very large co-op transactions are wonderful, they are rare. They do not come along every day. Most of our loans are much smaller and span geography and industry.

Let me share just a few powerful examples of NCB's other loan transactions from this past year:

- A \$15.5 million loan for a new 55-unit senior housing cooperative in Colorado Springs—offering safe, affordable housing for those aged 55 and older.
- A \$3.25 million subordinated debt loan to support the expansion of Innovations Financial Credit Union in Panama City, Florida—a low-income designated credit union and certified CDFI.
- A \$7.4 million loan to Genie Energy, enabling the purchase of 11 solar projects across Ohio, Michigan, and Indiana. These projects will provide clean, renewable energy to educational facilities and contribute to long-term sustainability in those regions.
- A \$685 thousand dollar line of credit to help launch a new ACE Hardware store in Albion, Michigan—bringing vital retail services to a small community of fewer than 8,000 residents.
- A \$12.7 million New Markets Tax Credit transaction to support Marillac Clinic's new 28,000-square-foot facility in Mesa County, Colorado. This clinic offers integrated care including primary, dental, and behavioral health for low-income, uninsured, and underinsured patients.
- A \$0.2 million revolving line of credit to OTS R&D in Beltsville, MD, an engineering company specializing in providing R&D for its industry partners to support the working capital needs of the newly formed worker cooperative.

But lending is just part of our story.

In 2024, NCB provided \$2.8 million in grants, donations, and investments to local nonprofits and co-op organizations working in low- and moderate-income communities, including \$50,000 for the annual Co-op Innovation Awards, and \$50,000 to Start.coop, which funds the development of new cooperatives.

In 2024, NCB contributed \$1.5 million to Rochdale Capital, a non-profit community development loan fund established by NCB in 2021 to undertake mission-aligned work that compliments NCB's products and services. This brings our total grants to the establishment and growth of Rochdale Capital to \$9.5 million—one of Chuck Snyder's lasting legacies.

One of NCB's bedrocks is its advocacy on behalf of the cooperative communities we serve. In 2024, we collaborated with National Cooperative Business Association and other industry partners to advance co-op initiatives in the halls of Congress and to support and protect important community development programs. Areas of focus included Small Business Administration loan programs, initiatives for grocers and affordable housing members, and tax policies across industries. While I cannot point to any specific victories per se, we continue to knock on the door. It is worthwhile work in the long view and strengthens our bonds with our partner advocacy groups.

“Overall, NCB will see continued growth across all of our businesses, but with an emphasis on our mission work, including deepening employee engagement and further entrenching NCB in the cooperative community at large.”

Having closed on one three-year strategic plan, another 2024 milestone was the completion of the next plan, taking us through 2027. Entitled **Mission First**, the new strategic plan underscores NCB's commitment to supporting and advocating on behalf of cooperatives, which has driven us since our inception and is critical to building stronger connections among our customers to help communities accumulate wealth, fuel local economies and provide home and business ownership. We do this by staying focused and committed to the seven global cooperative principles.

Overall, NCB will see continued growth across all of our businesses, but with an emphasis on our mission work, including deepening employee engagement and further entrenching NCB in the cooperative community at large. For a better understanding of the plan, I have summarized each of the four cornerstone objectives below:

Mission and Markets: This two-pronged goal is to drive NCB's mission through innovative products, strategic investments, targeted grants and contributions, and mission-aligned partnerships. The second prong, relating to markets, is to achieve targeted growth in our loan and deposit portfolios, grow our net interest income and fee income, and be stewards to NCB's diverse members and customers.

Financial Strength: This goal recognizes that enhancing our financial strength and flexibility is key to supporting NCB's growth and mission objectives, namely by maintaining or achieving a healthy Total Risk-Based Capital (TRBC) ratio, a minimum return on average assets (ROAA), increased liquidity, and net income and portfolio growth.

Operational Excellence: The last two strategic plans had digital transformation as the operational goal; in 2024, we shifted our infrastructure and applications to a cloud-based environment to enhance security efficiency and minimize costs. Now that we've invested in this technology and many others, the aim is to optimize our systems and processes to work smarter, not harder. This focus will allow us to continue to deliver high quality products, services, and experiences to our diverse customer base.

Human Capital: Last but far from least, the new plan sets forth the intention of enhancing talent acquisition and retention, prioritizing employee well-being, and driving organizational development and excellence by aligning with our mission and adapting to our dynamic work environment.

As an institution, NCB's two biggest strengths based on customer surveys are our understanding of the markets we serve and our strong and knowledgeable employees. The people who represent NCB are our most important asset and the reason we are successful. My gratitude goes out to all our dedicated team members across the country.

In closing, I would like to thank all our customers for a successful year and thank you for choosing NCB. I would also like to thank our Board of Directors for your commitment to NCB. Excitement in the co-op movement is building, as is a recognition that cooperatives are a viable model for many types of enterprises. As we move forward, we remain committed to innovation and strengthening the cooperative movement. Your continued trust and support fuel our mission, and together, we can achieve even greater success in the year ahead.

- Casey Fannon
Chief Executive Officer



A LETTER FROM OUR CFO



In 2024, NCB reversed a two-year decline in earnings as we closed 2024 with \$23 million of net income, which nearly doubled our \$12 million of net income in 2023. Robust earnings represent the first of four pillars that serve as the foundation underpinning NCB's financial strength.

At year-end 2024, our Total Risk-based Capital rose to \$472 million which includes a strong \$24 million increase during the year. Our Total Risk-based Capital Ratio exceeds 15 percent, which is significantly above the regulatory 10 percent "Well-Capitalized" ratio. Capital represents the second foundational pillar supporting NCB's financial strength.

During 2024, our loan portfolio grew by \$200 million and was fueled by a \$435 million increase to our deposit base. Accordingly, at year-end, our loan portfolio was \$2.9 billion, our deposit base was \$3.2 billion, and our total assets were \$3.8 billion. Our plan for 2025 is to achieve 5 percent growth in our loan portfolio that will be supported by a minimum of 6 percent growth of our deposit base. During 2025 through 2027, which covers our three-year Mission First Strategic Plan period, we are forecasting NCB's loan portfolio to grow by 17 percent, or \$500 million, to \$3.4 billion.

Our loan growth generates additional net interest income which helps us expand our mission of supporting cooperatives and low-and moderate income communities, particularly in underserved areas.

Also during 2024, we experienced a sharp increase in gains on co-op loan sales due to an improvement of multifamily mortgage banking market conditions. In general, and despite the continuation of a higher interest rate environment, certain housing cooperatives needed to refinance their loans following two years of very low refinancing levels. So far in 2025, we have already experienced success with profitable loan sales and we anticipate a strong year for loans that we originate and sell into securitized structures.

The third pillar of NCB's financial strength is our liquidity position. Throughout 2024, we took steps to build liquidity and thereby expanded our preparedness for a liquidity stress event. In addition to our deposit growth from both new and existing customers, we increased our collateral postings for readily available

borrowing capacity from both the Federal Home Loan Bank and the Federal Reserve Bank. We also increased our liquidity investment portfolio of high credit quality securities by \$110 million, totaling \$460 million at year-end 2024.

This past July, we made our annual patronage refund distribution to over 1,600 of our member shareholders. Of the \$13.5 million in patronage refunds, \$2 million was distributed in cash. We carefully strike a balance between stock and cash refunds in recognition that the cash portion of these distributions reduces NCB's capital, while the stock distribution creates the ability to grow our portfolio and serve more customers.

The fourth and final pillar of our financial strength is the credit quality of our loan portfolio, which remains particularly strong. NCB continues to closely monitor and quickly react to emerging trends in the market and economy that can impact the credit quality of our loans and anticipated new loan originations.

A major NCB function is the servicing of our portfolio loans as well as loans that we have originated and sold over time. As of year-end 2024, the loans serviced for others is \$5.6 billion, which brings the total loans that we service to \$8.5 billion.

NCB stands out as a distinctive, mission-driven bank. We are committed to a long-term journey of making significant impacts on communities across the nation, even during challenging economic or market conditions. Our success is fueled by the dedication of NCB's employees, who are passionate about our mission and excel at going above and beyond to meet our customers' needs. With our four pillars of financial strength—robust earnings, capital, liquidity, and credit quality—I am confident that NCB will achieve great success in 2025.

- Alan Goldblatt
Chief Financial Officer



NATIONAL CONSUMER COOPERATIVE BANK
CONSOLIDATED BALANCE SHEETS
December 31, 2024 and 2023
(Dollars in thousands)

Assets	2024	2023
Cash and cash equivalents	\$ 255,216	\$ 236,739
Restricted cash	2,044	2,417
Investment securities		
Debt securities available-for-sale, at fair value	459,208	345,925
Debt securities held-to-maturity, at amortized cost	1,932	2,903
Equity securities, at fair value	4	1
Loans held-for-sale (includes \$72,706 and \$79,379, measured at fair value, respectively)	92,043	89,325
Loans held-for-investment	2,910,570	2,710,404
Less: Allowance for credit losses on loans	(26,760)	(24,262)
Total loans held-for-investment, net	2,883,810	2,686,142
Federal Home Loan Bank and Federal Reserve Bank stocks, at cost	13,824	12,595
Other assets	136,707	116,864
Total assets	\$ 3,844,788	\$ 3,492,911
Liabilities and Members' Equity		
Liabilities		
Deposits	\$ 3,192,916	\$ 2,756,645
Borrowings	166,007	280,980
Patronage dividends payable in cash	2,230	2,342
Other liabilities	81,600	74,213
Total liabilities	3,442,753	3,114,180
Commitments and contingencies		
Members' Equity		
Common stock		
Class B and C, \$100 par value. 4,240,000 shares authorized; 3,626,399 and 3,510,470 shares issued and outstanding, respectively. Class E, \$1,000 par value. 25 shares authorized; 13 and 14 issued and outstanding, respectively.	362,653	351,061
Retained earnings		
Allocated	26,974	13,271
Unallocated	12,343	16,502
Accumulated other comprehensive income (loss)	65	(2,103)
Total members' equity	402,035	378,731
Total liabilities and members' equity	\$ 3,844,788	\$ 3,492,911

NATIONAL CONSUMER COOPERATIVE BANK
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2024 and 2023
(Dollars in thousands)

	2024	2023
Interest income:		
Loans	\$ 165,476	\$ 145,893
Investment securities	22,241	17,308
Other	21,253	11,846
Total interest income	208,970	175,047
Interest expense:		
Deposits	91,209	64,181
Borrowings	13,870	14,279
Total interest expense	105,079	78,460
Net interest income	103,891	96,587
Provision for credit losses on loans	5,038	1,179
Net interest income after provision for credit losses on loans	98,853	95,408
Non-interest income:		
Net gain on mortgage banking activities and loan sales	26,441	9,035
Loan servicing fees	6,048	5,038
Real estate loan fees	1,688	2,230
Commercial loan fees	2,280	1,999
Deposit fee income	4,333	4,012
Other income	1,630	1,836
Total non-interest income	42,420	24,150
Non-interest expense:		
Compensation and employee benefits	67,585	61,486
Contractual services	4,747	4,708
Provision for (reduction of) losses on unfunded commitments	94	(5)
Occupancy and equipment	5,962	5,972
Information systems	9,130	9,205
Loan costs	2,078	2,204
Foreclosure and REO costs	103	82
FDIC premium	1,807	1,464
Corporate development	4,245	3,888
Travel and entertainment	1,224	1,234
Training and tuition	293	351
Deposit costs	15,773	12,316
Other	2,246	2,328
Total non-interest expense	115,287	105,233
Income before income taxes	25,986	14,325
Income tax provision	3,035	2,153
Net income	\$ 22,951	\$ 12,172

2024 BOARD OF DIRECTORS



Marc Friedman

Board Chair
Chief Financial Officer
A Few Cool Hardware Stores
Washington, DC



Gigi Hyland

Board Vice Chair
Former Executive Director
National Credit Union Foundation
Washington, DC



Jennifer Dolin

Chief Executive Officer
TNDC
San Francisco, CA



Josh Ablett

Chief Information Security Officer
Adelia Associates
New Bedford, MA



Caroline Blakely

Former President & CEO
Rebuilding Together
Washington, DC



Robyn DesHotel

Chief Financial Officer
National Co-op Grocers
St. Paul, MN



Thomas Fink

Capital Markets Executive
New York, NY



Brian Obergfell

Chairman and Partner
Emmet, Marvin & Martin, LLP
New York, NY



Andrew Reicher

Former Executive Director
UHAB
New York, NY

2024 BOARD OF DIRECTORS



Maria Smedley

Vice President, Human Resources
Performance Foodservice
Little Rock, AR



Elizabeth Vealey

President
Sophius, LLC
Lancaster, NY



Curtis Wynn

Chief Executive Officer
SECO Energy
(Sumter Electric Co-op)
Sumterville, FL

NATIONAL COOPERATIVE BANK CORPORATE INFORMATION

Operations Center

2011 Crystal Drive, Suite 800
Arlington, Virginia 22202
(703) 302-8000; (800) 955-9622

Regional Office

250 Park Avenue, Suite 900
New York, New York 10177
(212) 808-0880

Retail Branch

139 South High Street
Hillsboro, Ohio 45133
(937) 393-4246; (800) 322-1251

