

The background of the cover is a low-angle, upward-looking photograph of a brick building facade. A prominent vertical sign on the building features the word "BANK" in large, stylized, three-dimensional letters. To the left, another sign partially shows the words "INDUS" and "BAN". The entire image is overlaid with a red, semi-transparent grid pattern. A large, bright yellow triangle points from the top right corner towards the center of the page.

INDUSTRIAL
BANK

2019 ANNUAL REPORT

SMART MONEY MOVES

New Acquisitions. The City National Bank acquisition included Newark, New Jersey’s Halsey Street branch (pictured) and Bergen Street branch, along with New York’s Harlem branch.

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“The Bank remains committed to creating products and services that educate and help to build generational wealth in the communities we serve.”



Smart Moves. In addition to growth, the CNB acquisition allowed the Bank to record a \$2.4 million gain, contributing to the Bank's best earning year ever.

LETTER FROM THE PRESIDENT

A Plan for Future Growth Continues

IBW Financial Corporation (“the Company”) and its subsidiary Industrial Bank (“the Bank”) achieved significant milestones in its landmark 85th year in 2019. For several years, the Board of Directors and Management planned and prepared for future growth, which came to fruition in 2019. In fact, Management was so engrossed in preparing to bid on a bank closed by the FDIC that it hardly set aside time to celebrate the Bank’s 85th anniversary—an accomplishment achieved by only a handful of black-owned banks.

After years of preparation, on November 1, 2019, the Bank purchased from the FDIC the \$110 million City National Bank, another black-owned bank, thereby maintaining quality financial services in the majority-black communities of Newark, New Jersey, and Harlem, New York. This acquisition increased the Bank’s assets by 25% and added \$58 million in loans to the Bank’s portfolio. This was the largest of the three acquisitions in the Bank’s history. In addition to growth, the transaction allowed the Bank to record a \$2.4 million gain, contributing to the Bank’s best earning year ever.

The Bank received a very warm welcome from the residents, businesses, and political communities of Newark and Harlem. Those communities

were ecstatic that the institution they previously banked with would remain black owned, and the resulting institution had a long history of incomparable service to black communities. Realizing there is much to learn about these communities, the Bank is excited to put forth the effort and thrilled to welcome these communities to our Industrial Bank family.

The Bank's expansion into Northern New Jersey and Harlem, New York, positions it for additional future growth. When the Bank de-converts CNB's system into our own in 2020, lending will resume in those underserved communities, enhancing the Bank's profitability. While the two regions are different, our new family in New Jersey and New York makes them feel like home.

In 2020, the Bank looks forward to getting to know our new family up north and growing our family here in the Washington metropolitan area. While adjustments will be needed, the Bank remains committed to creating products and services that educate and help to build generational wealth in the communities we serve.

B. Doyle Mitchell, Jr.

B. Doyle Mitchell, Jr.
President and CEO

Positioned for Future Growth. In downtown Newark, New Jersey, the newly renovated Hahne and Company building houses both the recently acquired Halsey Street branch and back office.

FINANCIAL NEWS

It Takes a Plan Like No Other



A bank acquisition is a process with many parts all moving together in unison, guided by a plan. It requires a dedicated team working against short deadlines, in constant communication, in secret, and with very little room for missteps.

See page 27 for the full story of Industrial Bank's acquisition of City National Bank, which expanded its portfolio into new banking markets in New Jersey and New York.

85TH ANNIVERSARY CELEBRATION

We've Got a Lot to Celebrate!

Eighty-five years ago, on August 20, 1934, Jesse H. Mitchell, along with a group of black businessmen, sold \$65,000 in stock and started Industrial Bank at the intersection of 11th and U Streets NW, in an area of the nation's capital known as "Black Broadway". Mitchell was determined to open the only black-owned bank in the area after its predecessor, Industrial Savings, was forced to close during President Franklin D. Roosevelt's four-day bank holiday in 1933.

The range of investors was important, considering the Bank's founding, and since it was the only black-owned bank to open during the Great Depression. This monumental feat involved a broad spectrum of investors who rallied around the effort, including individuals, churches, service-oriented organizations, and savvy business owners. During this period, the Bank's mission was to always serve the

community. That commitment took many forms, including providing financial options for African Americans needing access to lending resources at a time when white lenders would decline or apply higher interest rates and more stringent guidelines to blacks in the area.

The Bank has operated for three generations, through wars, recessions, and every economic environment imaginable. When Mitchell's son, Benson Doyle Mitchell, succeeded him as president in 1953, Industrial Bank had become the largest black-owned bank in the United States, with \$7 million in assets.

A Monumental Feat. Believed to be the only black bank opened during the Great Depression, Industrial Bank of Washington (later renamed Industrial Bank) opened its doors on August 20, 1934, with only six employees.



Doyle Mitchell's careful and consistent leadership would guide the Bank through nearly four decades of prosperity, challenge, and change.

The Bank's employees have consistently been its foundation and always considered as the backbone that contributed heavily to success. Starting with six employees, the Bank boasted 200 employees 85 years later. This indispensable workforce continued through the years and into the era of Mitchell's grandson B. Doyle Mitchell, Jr., as president and CEO, and his granddaughter Patricia A. Mitchell as executive vice president.

Throughout the Bank's time in business, the Washington, D.C., African American community has shown it an abiding dedication, which included offering their life savings, and this has supported the Bank's ability to procure funds. Further, local organizations and churches collectively contributed



Branching Out. In 1961, the Bank started expanding to other areas of Washington, D.C. This included the Jesse H. Mitchell branch (upper left); Doyle Mitchell, Sr., with staff (upper right); B. Doyle Mitchell, Jr., and Patricia Mitchell with longtime customers and staff (lower left); Waldorf, Maryland, Walmart branch groundbreaking ceremony (lower right).

to the creation of a local black-owned bank. From the earliest days to the present, these relationships have been indispensable, and they are based on unwavering mutual need, respect, and appreciation. Industrial Bank's enduring commitment to serving its current communities, as well as its devotion to expanding into new communities that need financial support, represents the ongoing fulfillment of its vision.

This vision often faced obstacles over the course of the Bank's history. In particular, racial integration during the 1950s and 1960s adversely affected the black business community. As black customers began patronizing white counterparts, black businesses were inadvertently negatively impacted. "However, a great deal of blacks eventually felt disenfranchised by the 'white flight' that ensued and the era's persistent racism that drove them to embrace the burgeoning Black Power Movement."* This helped to sustain Industrial Bank at a pivotal time.

The Bank had prepared for the right moment to expand, and it did so in 1961, entering the city's black residential areas, where many had started to relocate.

With expansion into areas of Washington, D.C., where many white businesses still refused to sell to blacks, Industrial Bank sought to neutralize that obstacle. Under B. Doyle Mitchell, Sr., new branches were opened - Petworth (Georgia Avenue NW) and Jesse H. Mitchell (Northeast). These were followed by new branches in the Frank D. Reeves Center, F Street, and at American University in Northwest D.C. Expansion continued with branches in Forestville and Oxon Hill, Maryland, and later at the Anacostia Gateway in Southeast, D.C. Although through the years some branches were consolidated and others closed, the Bank was continually preparing for growth.





FINANCIAL HISTORY

The Clock

City dignitaries, stakeholders, customers, guests, and employees gathered on May 16, 2019, with food, beverages, and music to celebrate the relighting of Industrial Bank's signature monitor – its refurbished bank clock. After removal and repair over several months, the clock was returned to its original landmark location and continues to serve as a signature emblem on U Street, NW as it has for decades. Muriel Bowser, D.C.'s mayor, had the honor of switching on the clock's lights to a countdown at sunset.



Under B. Doyle Mitchell, Jr.'s stewardship, it was fitting to carry on the legacy of his grandfather and father and, on the Bank's 85th anniversary year, to expand into new markets. With the acquisition of City National Bank of NJ (CNB), Industrial Bank's portfolio grew to include Newark branches on Halsey Street and Bergen Street and the Harlem, New York, branch. For more information about the CNB New Jersey and New York branches, see page 27.

Industrial Bank's community vision continues today. Through the years, the Bank has helped maintain its customers' dignity and respect. It remains committed to improving its facilities and services to accommodate customers' ongoing needs, financing commercial and nonprofit entities when their white contemporaries historically would not, helping individuals become first-time home owners, and supporting small business development. The Bank and its employees will continue to volunteer hours and resources and donate money to causes important to the community and the Bank's mission.

**Excerpt from Images of America Industrial Bank, Arcadia Publishing, 2012*

IB North Halsey Street Administrative Team. The new CNB acquisition included a branch and back office space and a new enthusiastic team to service Newark, New Jersey's customers.

WHO WE ARE

About Industrial Bank

Industrial Bank was proud to remain a Certified Community Development Financial Institution (CDFI) throughout 2019. The CDFI Fund is a public-private partnership that leverages the combined strengths of federal and private investment. As a CDFI, Industrial Bank reinvests over 60% of its assets in the community every year. The program expands economic opportunity through market-based services to residents and businesses in low-income communities. To be eligible for CDFI Certification, a bank (and others) must be recognized for its expertise in service and support to low-income communities, and it must meet the following criteria:

- have a primary mission of promoting community development
- provide both financial and educational services
- serve and maintain accountability to one or more defined target markets
- maintain accountability to a defined market
- be a legal, nongovernmental entity at the time of application

For many years, and throughout 2019, Industrial has met CDFI criteria in multiple ways, as highlighted on the following pages.

Community Development

In 2019 Industrial Bank provided 11 loans to small businesses and 59 loans to residential customers. These loans enabled business entrepreneurs to fulfill their dreams of owning a business while creating jobs, and they expanded access to the dream of home ownership for many. Overall, our lending amounted to \$44 million, which helped strengthen the economic vitality and quality of life throughout our community.

Financial and Educational Services

Industrial Bank is especially proud of how our financial literacy program continued to expand community knowledge and participation around financial literacy. We brought our program into the D.C. Jail to help ensure that residents would have the knowledge and confidence to participate in the banking, credit, and other systems necessary to lead

FINANCIAL LITERACY

Partnering on Goals

An ongoing goal of Industrial Bank is to enhance financial literacy for local residents who need to improve those skills and to support community-led events that involve collaboration with like-minded organizations and entities.



As many businesses have learned, cultivating an ecosystem of partners means there are resources and people you can count on whether collaborating, celebrating wins, or riding out uncertainty. A mutual partnership with the office of D.C. Mayor Muriel Bowser has resulted in a series of Financially Fit D.C. workshops across the metro area.

Learn how your interactions with the Bank ensure smart money moves for others on page 22 of this report.



productive lives. Overall, our financial literacy program helped hundreds of people prepare to participate in these financial systems.

Local Accountability

Everything Industrial Bank does is focused on our communities and community-based decision-making. We monitor economic and financial conditions throughout the business and residential sectors, and we craft banking programs based on trends and needs within each. For example, many of our customers, and prospective customers, are interested in the enhanced performance of certificates of deposits (CDs) but cannot meet either the minimum balances or the term of investment required by other banks. That is why Industrial Bank offered CDs with a minimum opening balance of \$500, with two penalty-free withdrawals. In 2019 we opened 98 such CDs.

Industrial Bank also maintained second chance checking accounts to help people remain eligible to operate checking accounts despite occasional charge-offs when they write a check for more than they hold in their account. In 2019, 149 people participated in the

Industrial Bank Community Checking program. Without such a program, some people would face ongoing hardships with certain sets of financial transactions that are routine for many others.

Continuing On

Following our tradition and *modus operandi* for 85 years, Industrial Bank continued to look for and create ways to enhance our CDFI-based programs and services throughout 2019 and beyond. We began bringing our products and programs to our new communities in Harlem and Northern New Jersey to serve the same types of customers we do in the D.C. area, with similar goals and results. We know banking is a competitive and well-regulated industry, and we are proud of our community development successes throughout 2019. We are eager to show more and more people what we accomplished and why we did what we did and to set the stage to expand and improve future services.

INDUSTRIAL BANK PRESENTS

How Smart Money Moves

A Community Banking Photobook

Learn what it means to invest and reinvest in the community



Long-standing Community Relationships. Virginia Ali was a teller at Industrial Bank, where she met her husband, Ben. In 1958, they opened Ben's Chili Bowl, now a D.C. landmark, and have continued to be longtime customers of the Bank.

Business Loan Spurs New Restaurants, New Jobs

Industrial Bank loans help microbusinesses, multifamily investors, and homeowners make smart money moves. For example, when Chef James “JR” Robinson, owner of KitchenCray Cafe in Prince George’s County, Maryland, was looking to expand, he worked with Industrial Bank. Chef Robinson secured a business loan and opened two new locations in 2019, and he is planning to open another on 9th Street NW in 2020. James explains, “I tell others to check with Industrial Bank first to get the rate and respect your business deserves.”



How Can a Loan Be 60% Better?

Many pastors encourage parishioners to shop loans with Industrial Bank or another local, black-owned bank before turning to the big banks. Why? They know that a competitive rate feels even sweeter when your bank (by design) reinvests at least 60% of assets to serve low- and moderate-income residents in your community.

FINANCIAL LITERACY

Teaching Youth Smart Money Moves

On any given day, you can find Industrial Bank investing in youth, providing early financial literacy for a lifetime of smart money moves. Throughout 2019, the Bank hosted nine high schools and provided students with an overview of the Bank’s inner workings. Students learned about financial oversight and our history, goal setting, and career opportunities. These sessions were followed by department tours in accounting, IT, human resources, and the boardroom.



Starting Small Makes Big Dreams Come True

“Wow! 20 dollars!” Ah, the thrill of opening a birthday card with cash inside...\$20 for 10 years old today... what will you do with it?” Every day we see adults helping young people get an early start on saving and investing, through savings accounts, college funds, and other investments. To the very young three crisp \$1 bills seem “bigger” than one \$5 bill. We can all help maturing young minds understand money, connecting it to goals and self-discipline for life-changing impact. What is even better than watching your money grow? Watching young people in your life dream big is a joy – and smart money moves bring those dreams to life.





FINANCIAL LITERACY

Fully Committed

When people hear we are a black-owned bank, many are inspired to open a small savings account, and then let the money sit (perhaps for a long time). When we have a full banking relationship with you, which includes checking, savings, and loans, we can do more for the community.

For more ways you can help fuel the community as you bank, turn to page 22.

**Start saving
now with one
of Industrial
Bank's FDIC
insured plans**

The Speziales: A Multigenerational Banking Relationship

Sal and Gina Speziale wrote in a letter to the Bank, "We were initially referred to your bank from a friend who told us what a great business relationship they had with Industrial Bank. From our first interaction 9 years ago until today, everyone, and I do mean *everyone*, has always gone above and beyond to make our customer experience the best it could be... My family has had some challenging real estate transactions, and your team worked tirelessly to the end to help us obtain positive outcomes. I can't say enough to express how sincerely appreciative I am to have such a wonderful relationship with a great bank."

“ I chose Industrial Bank because it's a bank that I can build a relationship with, has good values, and has a good relationship with its customers of a more personal nature.

— Levi Rivers, IB Customer



Smart Mortgage Moves

When rates are low, turn to Industrial Bank. A low-cost "refi" can help you invest in more of what matters to you. We are here to help with a first-time home, your next home, or refinancing the home you love – to keep you moving forward. We treat you with respect. After all, your loan is a smart money move with positive impacts for the entire community.



Moving From “Underbanked” To Person-With-a-Plan

Early in his incarceration, Halim A. Flowers realized he sold drugs as a kid as a result of the influence of the community where he lived—it was all he knew. Ironically, Flowers' willingness to expand his worldview emerged within the walls of his jail cell. Motivated by a commitment to learn more, he began reading various periodicals and studying economics.

Flowers' path to financial literacy began to take shape during those readings and ultimately led him to attend Industrial Bank's seven-week financial literacy workshops held during the D.C. Jail's Young Men Emerging Program. At the workshops, he learned the fundamentals of personal money management. He also learned that community banks provide many services that bigger banks do not – like second chance checking with great service and higher earning accounts, which are offered to people who lack access to traditional banking services.

The dignity and respect shown to him while incarcerated continued when he was released. Assimilating back into a technology-driven society provided its challenges. The relationships forged with Industrial Bank's leadership team helped him navigate those early days and were void of judgements about his past. Halim states that “not many people with my circumstances get the opportunity to build personal relationships with bankers.” Because of his personal connections, today he can call on bank leadership by first name to assist him. He continues to learn from these interactions today.

On-Track Banking Services

Industrial Bank proudly offers a range of services, such as second chance checking and low minimum certificates of deposit (CDs) to help residents start or resume good banking habits and prepare a future filled with smart money moves. As a Certified Community Development Financial Institution (CDFI), the Bank is mandated to embrace risk in order to create social impact. This results in offering services and the know-how not found at traditional banks.



It was this part of the community that was missing from his youth. It's about caring, guiding, mentoring, and some tough love along the way. It's about the community and banking coming together to enrich the lives of many more people like Halim, and Industrial Bank will be there all the way.

Today, Halim is an entrepreneur, motivational speaker, publisher (11 books and counting), and renowned artist. He knows from experience the importance not just of making money but also of managing money. He adds money to his CD whenever he can. This “feed-a-CD” feature is not available at most banks.

FINANCIAL LITERACY

We Believe in You

At Industrial Bank we are inspired by students who complete our seven-session financial literacy course while also serving out their incarceration. We encourage them to connect with the Bank before and after each release, and we celebrate their smart money moves with them. Three graduates – Halim A. Flowers, Momolu Stewart, and Tyrone Walker – served as keynote speakers and provided moving testimonials of gratitude at the Bank's annual meeting in October 2019.



Recap: Smart Money Moves A Community

While customers' savings and checking accounts support Industrial Bank's business model and build our reserves, we can better assist communities when bank loans are created.

Revenues from residential and commercial bank financing are hard at work fueling reinvestment of local dollars in neighborhoods where our depositors live and work. How? It is because 60% of our assets are devoted to serving low- and moderate-income residents in the community. Plus, local reinvestment helps small businesses grow, and helps families finance major purchases and build financial security.

We Thrive When Our Communities Thrive. It is about making smart money moves that link all of us together in advancing the communities where we live.

Industrial Bank understands that we thrive when our local communities thrive. It is a carefully orchestrated yet wonderfully gratifying balancing act involving our customers depositing funds and securing loans, community financial literacy outreach, collaboration with other entities that strengthen relationships, teaching our young to understand money management at an early age, and creating products and services for those who could use a second chance to make their lives right and whole again. It is about making smart money moves that link all of us together in moving forward the communities where we live.



OUR MISSION DRIVES US

Our Continuing Commitment to You

Industrial Bank is proud to be in our 85th year of community-oriented banking and other services. We continue to enjoy supporting economic development and reversing historically limited access to credit and banking services, while remaining fiscally strong and well positioned for the future. Throughout 2019 we remained mission driven while also continuing to consider other ways to serve customers and communities. Going forward, we will continue to review how our products and services work for customers within solid banking practices. We will observe developments within the banking industry and others, to see possible additions to what we offer.

At Industrial Bank we seek to form lasting relationships. Whether for a savings or checking account, a certificate of deposit (CD), or a business or residential loan,

we advise and serve our current and new customers. Plus, when you do business with the Bank, you are helping to support your community since as a Community Development Financial Institution, we invest 60% of our annual assets back into the community. Further, as noted above, we create and administer programs around important issues that benefit all, regardless of where you bank.

Throughout 2019, Industrial Bank worked to position competitive financial services in a changing world, and we will continue to make this work a priority. We will make a difference in peoples' lives as we compete



with institutions of various sizes and types. We will strive for a sober and realistic approach to serving individuals, businesses, and communities who are often unable or unwilling to do business with banks due to financial and other challenges.

Specifically, Industrial Bank's planning for 2020 includes a stronger emphasis on residential and business loans. We anticipate \$30 to \$40 million in new loans that will have a positive impact on community development in the Washington, D.C. area and in northern New Jersey and Harlem New York. Our northern region loan activities will be a result of our acquisition of City National Bank of NJ (CNB), which had been unable to make such loans for a period of time.

The Bank will also continue to support programs such as our partnership with the D.C. Jail's Young Men Emerging Program, specifically efforts aimed at financial literacy and job training. While such programs are not bank products or services, they tie together and enhance our efforts toward bank-driven community health, safety, and productivity.

Industrial Bank will continue to enhance our legacy in the Washington, D.C. area and will reestablish the CNB legacy in New Jersey and New York. We are excited about rekindling relationships in our northern region. In sum, we will preserve and honor our history while driving our legacy forward into 2020 and beyond.

In the Right Place at the Right Time. Industrial Bank leadership (Jacquie B. and Lisa H.) pictured alongside employees of the Prince George's (County) House Men's Shelter in Capitol Heights, Maryland, after a financial literacy event.



FINANCIAL LITERACY

Serendipity and Breaking Bread

On a Tuesday afternoon in November, Industrial Bank leadership team members were scheduled to teach a financial literacy workshop at the D.C. Jail with an assortment of home cooked foods to surprise the residents. However, an unexpected lockdown prohibited entry that day. Not wanting the food to be wasted, the team quickly located the Prince George's (County) House Men's Shelter in Capitol Heights, Maryland, where we donated the still-warm tasty treats. Soon after, the shelter's management invited the Bank to teach classes to their residents. Serendipity? Perhaps. Because we are 100% intentional in building financial literacy in our community, we are often in the right place at the right time to make smart money moves happen.



YOU'RE NOT ALONE

We're Here to Help



YEARS IN THE MAKING

Ensuring Our Commitment Grows

Perhaps the most significant Industrial Bank development of 2019 was closing our acquisition of City National Bank of NJ (CNB) of Newark on November 1. Industrial Bank president and CEO B. Doyle Mitchell, Jr., acknowledged that: “2019 was a culmination of many things worked on for many years. It came together with the acquisition of City National Bank.” Following the acquisition of CNB’s two branches in Newark, New Jersey, and one in Harlem, New York, Industrial Bank defined its locales as IB North (New Jersey and New York) and IB South (Washington, D.C., and suburban Maryland). CNB was a minority-owned “sister institution” to Industrial Bank with a similar commitment to community service.

Industrial Bank and CNB had a long-standing relationship, and though Industrial Bank

formally acquired ownership, we regarded the acquisition as forming a type of partnership. Our CNB acquisition was exciting and in line with Industrial Bank’s goal of broadening our community-oriented banking services. It enabled us to deepen our commitment to economic development and helping to overcome historically limited access to credit and banking services. CNB’s mission was to deliver those services, and now, as part of the Industrial Bank family, the services will continue beyond 2019. It also allowed us to underpin one of the two African American-owned financial institutions in all of New York City.

Planning and closing the acquisition was a complex process due to regulatory compliance related to changes in financial institution ownership and community sensitivity to changes

in local financial services. Plus, we believed other institutions would attempt to acquire CNB, including large banks who typically bid on failed banks as a line of business. CNB was out of Industrial Bank's market area. There were legal and regulatory requirements and considerations that came with acquiring it – both within the D.C. area and outside the market area.

Our acquisition strategy required time, effort, and perseverance among the 20 Industrial Bank staffers who played a role throughout 2019. According to Bank CEO Mitchell, "For them to approve us acquiring a \$100 million institution (about a quarter of our size) before the actual bid, you go through all of the processes to get approved to bid." Mitchell noted the two-sided FDIC process, in which one side had to approve us to bid and the other side had to know Industrial Bank was prepared. According to Mitchell, the Bank dedicated approximately 4,400 staff hours to planning and engaging in the process and making the acquisition happen. Due diligence required the Bank to calculate CNB assets, review its history and performance,

and study past acquisition bids, in addition to other hours of research.

Staff who worked on the acquisition were immersed in details and timely and accurate reporting and compliance, while remaining dedicated to their Industrial Bank duties. Essentially, they worked two jobs throughout without knowing if their hard work would

be rewarded with the acquisition. They were excited about the effort and eventual result, especially to maintain and expand community banking. However, we were required to keep our acquisition efforts confidential, because public awareness of a bank's duress could start a run on that bank and a significant drop in assets. Based on our analysis and research, we approached the FDIC auction for CNB with confidence. Upon

notice of our successful bid, we celebrated briefly and then began the transition.

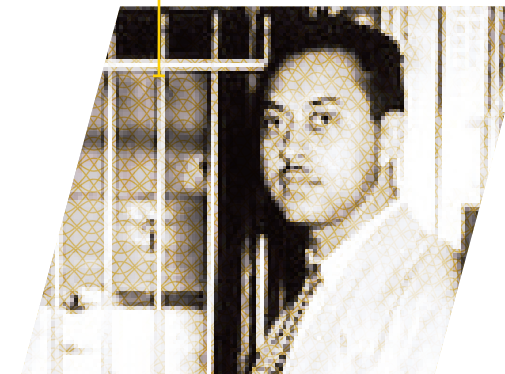
We began operating the newly acquired CNB branches after they closed at 5:00 p.m. on Friday, October 31. The following Saturday morning, November 1, we had Industrial Bank officials on hand to personally greet and reassure customers and answer their questions (expected

1934



Industrial Bank opens for business with Jesse Homer Mitchell as its president on 11th & U Streets NW.

1954



Benson Doyle Mitchell is named president of Industrial Bank, the largest black-owned bank in the country, with nearly \$7 million in assets at the time.

1962



The Petworth (Georgia Avenue NW) branch opens.

1966



The Jesse H. Mitchell (Northeast) branch opens.

and otherwise) questions about the new name. Some customers appeared concerned when seeing the new signage, wondering if they were in the right place. The most common question was whether the bank remained black owned. We were happy to say yes to both questions.

We continued to greet customers through the week to identify and ease the transition.

To broaden awareness, we announced the transition digitally via our social media platforms and email. We also distributed a press release on November 1; it announced that Industrial Bank is “excited to welcome City National Bank’s customers and teammates to the Industrial Bank family...to expand our footprint into the northeast region and deepen

our commitment to economic development in various communities.”

Following the acquisition, we reviewed CNB’s products and services to determine what to maintain or change. For the remainder of 2019, we made no changes to products, services, or customer accounts. Particularly exciting is our plan to hire loan officers for residential

home loans under the Real Estate Settlement Procedures Act (RESPA) in 2020, something CNB was unable to do in 2019. A key component of RESPA is to ensure certain disclosures in the real estate settlement process so home buyers can make informed decisions about real estate transactions. This represents another community service that our acquisition of CNB brings to the people of Newark, Harlem, and elsewhere.

1984

1986

1991

1993

1994

2001



50th-anniversary celebration.



The Frank D. Reeves Center branch opens at 14th & U Streets NW; closes in March 2017.



The F Street NW branch opens.



B. Doyle Mitchell, Jr., is named Industrial Bank president upon the passing of Benson Doyle Mitchell, Sr., with bank assets nearing \$120 million.



Forestville and Oxon Hill, Maryland, branches open.



Waldorf, Maryland, branch opens in partnership with Walmart stores; closes in 2002.

Once final, the work did not subside – it intensified. A two-phase conversion was required. Phase 1 involved the immediate turnover of CNB, with minimal service disruptions. After all, Industrial Bank’s new customers had savings accounts, checking accounts, and loans immune from the news and not subject to service disruptions. Also, staff payroll and personnel matters could not

be interrupted. Phase 2 is planned to take place in June 2020. It will be a full transfer of CNB to Industrial Bank, involving consolidation of procedures that must be introduced to our new family of customers, determination of which products and services to maintain, revise, or retire, and merging logistics systems, to name a few of the tasks on the horizon.

2004

2009

2019



70th-anniversary celebration with assets totaling \$317 million.



The Anacostia Gateway (Southeast) branch opens.



Branches open in Harlem, New York, and on both Bergen and Halsey Streets in Newark, New Jersey bringing bank assets to over \$400 million.

2019 FINANCIALS

Consolidated Financial Statements

ASSETS	2019	2018
Cash and due from banks	\$ 6,933	\$ 3,154
Interest-bearing deposits with banks	64,280	20,123
Total cash and cash equivalents	71,213	23,277
Short-term Investments	2,659	3,454
Investment securities available-for-sale, at fair value	86,930	68,308
Equity investments	910	123
Restricted stock, at cost	475	2,039
Loans held for sale	1,200	—
Loans receivable, net of unearned income and deferred fees	343,380	311,834
Less: allowance for loan losses	(3,796)	(4,133)
Net loans	339,584	307,701
Premises and equipment, net	8,776	9,343
Real estate owned (REO)	260	2,407
Bank-owned life insurance (BOLI)	9,467	9,345
Other assets	9,523	7,854
Total assets	\$ 530,997	\$ 433,851

LIABILITIES AND SHAREHOLDERS' EQUITY	2019	2018
Non-interest-bearing deposits	\$ 120,123	\$ 96,746
Interest-bearing deposits	358,886	254,166
Total deposits	479,009	350,912
Short-term borrowings	3,335	45,344
Accounts payable and accrued expenses	8,162	2,010
Total liabilities	490,506	398,266
Preferred stock, \$1 par value per share; 500,000 voting and 480,000 nonvoting authorized; \$25 par value, 20,000 Series A nonvoting issued and outstanding, stated liquidation value	500	500
Common stock, \$1 par value; 1,000,000 shares authorized, 597,058 issued and outstanding for 2019 and 597,873 for 2018	597	598
Additional paid-in-capital	3,169	3,197
Retained earnings	35,488	31,549
Accumulated other comprehensive (loss) income	737	(259)
Total shareholders' equity	40,491	35,585
Total liabilities and shareholders' equity	\$ 530,997	\$ 433,851

(dollars in thousands)

INTEREST INCOME	2019	2018
Interest and fees on loans	\$ 18,171	\$ 16,427
Interest on investment securities	1,951	1,942
Interest on interest-bearing deposits and short-term investments	375	318
Total interest income	20,497	18,687
INTEREST EXPENSE		
Interest on deposits	1,997	1,005
Interest on short-term borrowings	409	450
Total interest expense	2,406	1,455
Net interest income	18,091	17,232
Provision for loan losses	500	10
Net interest income after provision for loan losses	17,591	17,222
NONINTEREST INCOME		
Noninterest income (expense) on equity securities without readily determinable fair value	(123)	(800)
Gain on sale of available-for-sale investment securities	101	—
Gain on sale of loans	210	196
Loss on sale of REO	(345)	—
Service charges and other fees on deposits	1,801	1,795
Other fee income	288	348
Other income	7,001	2,113
Total noninterest income	8,933	3,652

(dollars in thousands)

NONINTEREST EXPENSE	2019	2018
Salaries and benefits	\$ 11,238	\$ 9,923
Occupancy	1,814	1,685
Furniture and equipment	617	425
Data processing and information technology	2,302	2,158
Office expense	826	681
Professional fees	1,148	1,475
Security	527	473
FDIC insurance assessment	258	394
Lending expense	139	566
Other	2,027	1,812
Total non-interest expense	20,896	19,592
Income before income taxes	5,628	1,282
Income tax expense	1,592	280
Net income	4,036	1,002
Preferred stock dividends	(25)	(26)
Net income available to common shareholders	4,011	976
Basic and diluted net income per common share	6.71	1.63
Dividend per common share	0.12	0.12
Weighted average number of common shares outstanding	597,871	598,311

(dollars in thousands)

COMPREHENSIVE INCOME	2019	2018
Net income	4,036	1,002
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale investment securities	1,416	(850)
Reclassification adjustment for (gains) realized in income	(101)	—
Income tax (benefit) expense	(319)	290
Total other comprehensive income (loss)	996	(560)
Total comprehensive income	\$ 5,032	\$ 442

(dollars in thousands)

To let us know how we are doing, to hear what we can do for you, or to learn more about our banking products and services and community support programs, please reach out to us at 202-722-2000 between 8:30 a.m. and 6:00 p.m., Monday through Friday.

Message Center and after hours:
1-800-461-5056

**All inquiries received after hours will be addressed the following business day.*

You may also send an email to info@industrial-bank.com, and someone will be in touch with you shortly.

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