

We stand tall behind our mission and reinvest approximately \$0.80 of each deposit dollar back into the community.

We've provided financial education to approximately 15,000 people in the Greater NYC region over the past nine years.

Over the past three years, we've offered lending solutions & invested approximately \$85.2 million in business loans to help stimulate growth in NYC.

IT'S THE RIGHT
THING TO DO.



Robert R. Tarter
Chairman of the Board



Michael T. Pugh
President and CEO

During the past fiscal year, the Carver Bank team focused on strengthening internal controls and driving new business within prescribed risk management guidelines. This effort led to several milestone achievements that will support the organization's continued focus on driving operating efficiencies and improved earnings.

Carver's mission is to support the financial aspirations of our communities in Greater New York City. We stand tall behind our mission by reinvesting approximately 80 cents of each deposit dollar back into our local markets. For Carver, banking goes well beyond loans, deposits, and withdrawals. Financial education and small business development remain a critical part of our mission. Over the past nine years alone, we've provided financial education training to approximately 15,000 people in Greater New York City. On top of that, we've provided lending solutions and invested approximately \$85.2 million in business loans to help stimulate growth in our local neighborhoods over the past three years.

We believe in all communities. The Bank defines community to include all ethnicities and socioeconomic levels. As the Bank continues to grow, community will expand beyond the neighborhoods of our brick and mortar branches. Our passion for community development enables us to honor employees and strengthen the customer experience. The Bank understands that positive customer experiences are a direct byproduct of happy and engaged employees who feel appreciated by their organization. Here at Carver we value all of our employees.

In 2018, like many other community banks, Carver was faced with finding solutions to: **(1) maintain strong capital levels and strong asset quality, (2) manage regulatory priorities, (3) attract new talent, and (4) grow deposits in a competitive environment**—at the same time being challenged with margin compression. While confronting these noted priorities, we are pleased to share that Carver's board of directors and management team achieved progress in several key areas and we remained focused on further improving operating efficiencies.

Our top-level achievements over the past 12-months for the fiscal-year ending March 31, 2019 include:

- **The year-over-year Tier 1 Risk-Based Capital Ratio improved from 15.25% to 15.39% and Total Risk-Based Capital Ratio improved from 16.45% to 16.58%.** These efforts were achieved while actively managing loan growth and loan performance;
- We've remained diligent about asset quality, resulting in the Bank's **Non-Owner Occupied Commercial Real Estate Concentration ending the year at 304%** of Total Risk-Based Capital, which strengthened the regulatory risk management profile of the Bank;
- Our regulatory performance has been enhanced by delivering a Bank Secrecy Act Program that meets the demands of the global banking industry; and
- We are successfully attracting and retaining talent to the organization in critical roles that are designed to further our progression with technological improvements, consumer compliance, internal audit, and quality loan growth. These leaders joined Carver because they believe in our mission and commitment to be the community bank of choice for both Minority & Women Business Entrepreneurs (MWBES) and consumers in Greater New York City. Our enhanced leadership team is committed to driving operating efficiency for the company.

While these improvements in operating measures are a major step in the right direction, the Carver board and management team recognize that we must return the Bank to earning a profit and grow our earnings stream if we are to further reinvest in the business and deliver return levels that investors are looking for in a community bank such as Carver. Accordingly, in the year ahead we will remain focused on growing earnings through diverse lending in our core footprint. Our markets are well-established communities and our colleagues live in the communities that they serve. This makes Carver uniquely positioned to offer solutions to our customers based on their needs.

Our team remains focused on growing our deposit base by expanding our online and digital banking services. Our commitment to customers by encouraging saving for their financial future has been well received as evidenced by our recent marketing campaign. The **"Banking with Carver is the Right Thing to Do"** campaign has stimulated **more than \$9 million dollars in new savings and money market deposits since the program was launched in January 2019.**

Notably, we have consistently seen **double-digit growth in the suite of online and digital services enrollment since 2017.** This growth demonstrates the success of our commitment to providing access and the value our customers see in our digital-banking franchise.

In closing, we remain optimistic about the future of community banking and recognize that mission-based banking comes with challenges and great rewards. Carver's board and management team remain committed to our customers, shareholders and the communities we serve. We invite you to visit our website at **carverbank.com** or give us a call to learn more about what's in store as we forge ahead.

On behalf of the Carver board and family of colleagues, we thank you for your trust in us and continued support.

Sincerely,



Robert R. Tarter
Chairman of the Board
Carver Bancorp, Inc.



Michael T. Pugh
President and CEO
Carver Bancorp, Inc.

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