

we deliver **REAL IMPACT** today
and build strong communities
for tomorrow



REAL IMPACT
ANNUAL REPORT 2012



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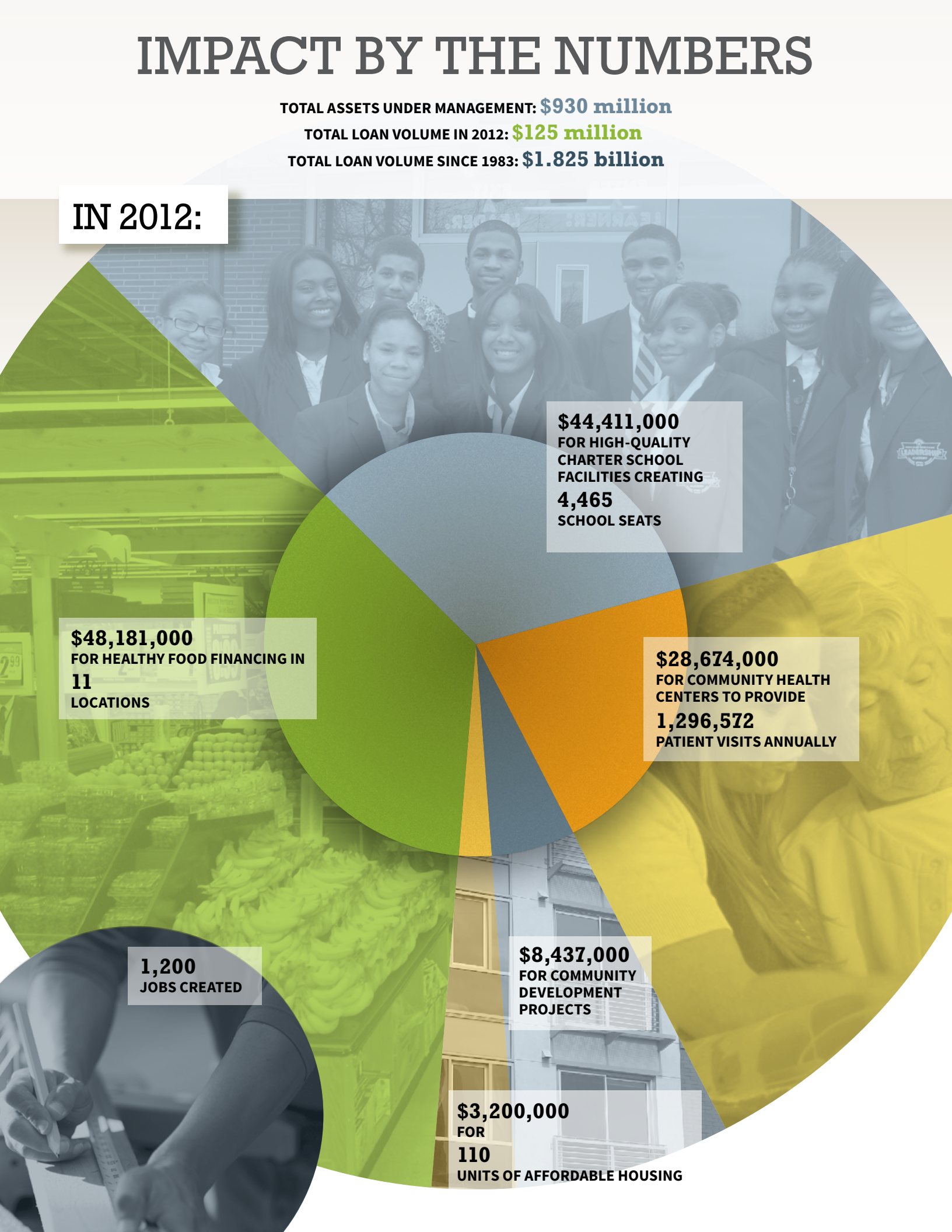
IMPACT BY THE NUMBERS

TOTAL ASSETS UNDER MANAGEMENT: **\$930 million**

TOTAL LOAN VOLUME IN 2012: **\$125 million**

TOTAL LOAN VOLUME SINCE 1983: **\$1.825 billion**

IN 2012:



\$44,411,000
FOR HIGH-QUALITY
CHARTER SCHOOL
FACILITIES CREATING
4,465
SCHOOL SEATS

\$28,674,000
FOR COMMUNITY HEALTH
CENTERS TO PROVIDE
1,296,572
PATIENT VISITS ANNUALLY

\$8,437,000
FOR COMMUNITY
DEVELOPMENT
PROJECTS

\$3,200,000
FOR
110
UNITS OF AFFORDABLE HOUSING

1,200
JOBS CREATED

\$48,181,000
FOR HEALTHY FOOD FINANCING IN
11
LOCATIONS

[MESSAGE FROM THE CEO]

2012 was a year of looking forward. We looked to see how we could expand our reach to bring more impact to more communities, and how we could expand sustainability to ensure that impact continues for decades to come.

The numbers on the previous page illustrate the extent of that expansion—they show that we are managing \$930 million in assets, had a loan volume of \$125 million last year and facilitated the creation of nearly 1,200 new jobs—but they don't tell the stories behind the data that you will see in the following pages.

They don't tell how the first GREEN HOUSE® in Maryland, the Residences at Stadium Place in Baltimore, is now home to 49 frail elders, 70% of whom are insured by Medicaid. They don't tell how these men and women get to live in a supportive environment with nursing assistance that looks and operates like a real home—providing more independence, community connections and a sense of belonging.

Nor do the numbers tell how the opening of El Rancho Marketplace—an independent grocery store in San Luis Obispo, Calif.—created more than 140 jobs for the low-income area and now provides more than 50,000 local residents with access to fresh, healthy foods. They don't show how, through the Cornerstone Partnership, a woman was able to purchase her own home, which she later sold to another woman who was taking the steps to begin building wealth and a stable home for her family. They don't tell how our development in Detroit through the Living Cities Initiative is helping to revitalize the city, making formerly deserted neighborhoods vibrant, walkable hubs of residential and business life.

The numbers don't talk about the National Summit on Community Health Center Lending and Innovation that we co-hosted in September, which brought together more than 65 leaders from the fields of community health and community development finance to discuss innovations and identify opportunities to collaborate. Nor do the numbers show how we've helped improve millions of lives through community health centers, charter schools and the Village to Village Network.

In every case, these stories show how, working with our partners, we've been able to provide REAL IMPACT by financing and supporting development and programs that recognize the need for high-quality healthcare, education and engagement at every stage of life. The stories in this Annual Report illustrate the impact behind the numbers. But they also collectively demonstrate how, by looking forward and planning for what's on the horizon, our impact can be replicated and sustained, helping more communities and future generations see their full potential and grasp it.



A handwritten signature in black ink that reads "Terry D. Simonette". The signature is fluid and cursive.

**TERRY SIMONETTE
PRESIDENT & CEO
NCB CAPITAL IMPACT**

[REAL IMPACT BY PROGRAM]



Revitalizing Detroit

- Arranged nearly \$35 million in financing for six projects.
- Planned investments of up to \$16 million this year are estimated to create 600 school seats, 100 units of affordable housing and 400 new jobs over the next two years.



ON THE GROUND

The Auburn is a 56,000-square foot mixed-use commercial and residential development in the heart of Midtown Detroit that has transformed a formerly vacant property into a neighborhood hub. It provides 46 market-rate and 12 affordable rental housing units for the area's young professionals and students, as well as 9,100 square feet of quality retail space with tenants such as an independent bookstore, a Thai restaurant, a property management company and a pet supply store. Capital Impact provided a \$3.7 million leverage loan that helped make possible this \$8.4 million NMTC transaction. In addition to Capital Impact's support, the deal was made possible by Partners for the Common Good's \$500,000 participation in the leverage loan, a guarantee of the commercial lease from Invest Detroit, and a \$1 million grant from the Michigan State Housing Development Authority.

THE CHALLENGE: Detroit has an unemployment rate of 25% and a poverty rate of more than 36%. Since the year 2000, it has seen an astounding 25% drop in its population, leaving behind an estimated 33,500 abandoned homes and 91,000 vacant lots.

THE SOLUTION: Since October 2010, Capital Impact has been the CDFI partner for the **Living Cities Integration Initiative**, an effort to catalyze economic revitalization and redensify Detroit's urban core. A partnership among Capital Impact, two Detroit-based community development corporations, the Kresge and Skillman Foundations, the Detroit Mayor's Office, two major hospital systems and Wayne State University, the initiative aims to break the vicious cycle of neglect and underinvestment that has plagued the city for the past quarter century. Examples of projects financed to date include: the Auburn, a fully leased mixed-used facility featuring 58 units of housing and 11 retail spaces totaling 9,100 square feet; the **Henry Ford Academy**, a charter elementary school that inhabits a formerly vacant building in a historic Detroit neighborhood and will have a full enrollment of 360 students; and a new retail facility that was converted from a vacant showroom for Willys Overland, the original developers of the Jeep.

REAL IMPACT

"Living in the Auburn became a driving factor in my [moving back to Detroit from New York City]. I knew living in a beautiful new apartment in an exciting, walkable neighborhood would help me transition. Midtown is so dynamic—there is always something new and exciting popping up. I really think residential development like the Auburn will help drive the kind of growth we've come to expect in the neighborhood." —Erin, Auburn resident



[CHARTER SCHOOLS]

Expanding Education

THE CHALLENGE: Charter schools in 40 states and the District of Columbia provided high quality public education to more than 1.6 million students last year. One third of these schools served a high poverty student population, in which more than 75% of students are eligible for free- or reduced-price lunch. In addition, more than 60% of charter school students are minorities. Despite the critical role that charters play in providing choice and expanding access to opportunity to underserved and low-income families, charter school operators still struggle to secure adequate, affordable financing for their facilities.

THE SOLUTION: Our commitment to expanding opportunity in low-income and underserved communities makes charter school lending a natural fit with our mission. Since 1983, we have invested nearly \$600 million in high-quality charter school facilities—more than any other CDFI—to create more than 204,000 school seats. We provide a wide range of products to meet borrowers' needs, including construction and renovation loans, real estate acquisition and term loans, equipment loans and working capital products.

- Invested \$44.411 million in high-quality charter school facilities.
- Created 4,465 additional school seats.



ON THE GROUND

Capital Impact partnered with ExED, US Bancorp Development Corporation, Pacific Charter School Development, CCSA California Charter Building Fund and Equitas Academy Charter School to secure \$8.9 million in New Markets Tax Credits to renovate Equitas Academy's existing building and nearly double capacity to 450 students. Located in the low-income Pico-Union community in central Los Angeles, Equitas Academy provides K-5 education with the goal of preparing students for college-preparatory middle and high schools. Nearly all students qualify for the free- or reduced-price lunch program and 62% of students are new English speakers. Approximately 92% of students are Hispanic. A high-performing school, Equitas met California's requirements for Annual Yearly Progress in its first year of operation, with an Academic Performance Index score of 870, higher than the state average.

REAL IMPACT

Malka Borrego, executive director of **Equitas Academy**, grew up in the Pico-Union neighborhood. A strong advocate for her students, she ensures that all of them—even kindergarteners—are in school every day. Although many students' families travel to Mexico during the year, she stresses the importance of attendance and parental involvement—insisting that parent-teacher conferences take place, even if it means conducting ad-hoc meetings when parents come to pick up their children to make sure they understand the progress of their children's education.



Bringing Health Care to the Community

- Disbursed \$28.674 million for community health centers nationwide.
- Increased capacity to serve patients by 1.3 million.



ON THE GROUND

LifeLong Medical Care's West Berkeley Family Practice Clinic provides primary care and behavioral health services to approximately 7,200 patients annually, of which 90 percent live below 200% of the federal poverty level. Yet the clinic space could not adequately accommodate all patients (serving an average of 123 patients daily in an area designed for 80), nor did it meet seismic standards. Capital Impact, working with the Northern California Community Loan Fund, the Calvert Foundation, Partners for the Common Good and JP Morgan Chase, allocated \$10.3 million in New Markets Tax Credits to renovate the existing historic building and construct a new three-story annex. The clinic anticipates creating 23 new full-time positions and 50-70 construction and temporary jobs. Patient capacity is expected to increase to 10,300 annually with projected patient encounters of 47,000.

THE CHALLENGE: Community health centers (CHCs) serve as the nation's health care safety net, providing primary, dental and behavioral health care to more than 20 million vulnerable patients annually. Nearly all patients are low-income and most are uninsured or publicly insured. Most CHCs are already operating at or above capacity, and demand for their services will grow substantially with the implementation of the Affordable Care Act, creating an urgent need for affordable financing. The Act provides \$9.5 billion in operational support and \$1.5 billion in capital grants to CHCs, yet the industry's overall capital needs far exceed the federal funds available. In fact, a 2012 survey estimated the total capital need at \$13.1 billion.

THE SOLUTION: Capital Impact is a national leader in the health care sector, with deep experience in capital development, financial innovation and program design, direct lending, underwriting, servicing and technical assistance. Over our history, we have provided more than \$650 million in financing for more than 200 facilities. This year, we helped finance the development of a new site for the **Lowell Community Health Center** in Massachusetts, which created 48 additional exam rooms, 40 new permanent jobs and the capacity to serve 48,000 patients annually. Capital Impact partnered with Eastern Bank, Massachusetts Housing Investment Corporation, US Bancorp Development Corporation and Capital Link on this deal, and allocated \$10 million in New Markets Tax Credits to make the expansion a reality.

REAL IMPACT

"My husband had had a side ache for awhile and...I felt like his doctor wasn't listening, so I suggested that he go to LifeLong. He was 58 years old, and it seemed to me that he shouldn't have those types of symptoms. It turned out my husband had stage four cancer. If it wasn't for [LifeLong's doctor] and the fact that she listened, we never would have known. He only lived another few months after that, but they took good care of him, and they took care of me while he was in hospice and in the last stages of his life."

—A West Berkeley Family Practice Clinic patient

Innovating for Community Health Care

This past September, with support from the Kresge Foundation and the Robert Wood Johnson Foundation, NCB Capital Impact co-hosted a National Summit on Community Health Center Lending and Innovation. The Summit brought together more than 65 leaders from the fields of community health and community development finance to discuss innovations on the frontiers of their fields and identify opportunities to collaborate to produce healthy communities and address the social determinants of health.

The first day of the Summit featured interactive presentations from the five winners of the Kresge-sponsored Community Health Innovation Awards. The cases were selected through a nationwide competition held in concert with the Summit, and included:

- **Colorado Coalition for the Homeless** (CO) – The West End Pilot Project (Housing and health center co-location)
- **Dorchester House** (MA) – Fiscal Health Vital Signs (Fiscal health-physical health service integration)
- **Hidalgo Medical Services** (NM) – FORWARD NM (Rural healthcare workforce development)
- **Maple City Health Care Center** (IN) – More than Money (Health voucher for volunteering market)
- **North Carolina Community Health Center Association** – Medical Legal Partnerships (Community Health Center-legal service provider collaborations)

Throughout the remainder of the Summit, participants engaged in intense and lively discussions about the needs of the communities they serve and how they could work together to better meet those needs.



Participants identified five priority opportunities for innovation and collaboration, including:

- Develop new financial products to meet the full spectrum of CHC needs;
- Improve CHC capacity to gather and use data;
- Adopt and advocate for shared policy platforms;
- Enhance learning and information exchange between CHCs and CDFIs; and
- Develop new direct-to-consumer financial products for CHC patrons.

Capital Impact continues to work with our partners across the CDFI and CHC industries to advance progress on these opportunity areas. We look forward to continuing our fruitful collaboration in 2013, and hope to host another national meeting focused on community health innovation.

Healthy Foods Within Reach

- Disbursed \$48.181 million in 11 locations.
- Created access to healthy foods for nearly 400,000 people.



ON THE GROUND

Capital Impact worked with the family-owned El Rancho Marketplace in San Luis Obispo County to provide flexible capital to open a new, 39,500-square foot grocery store. The store is located on the site of a different grocer that closed earlier in the year, displacing workers and forcing residents to travel farther to buy fresh food. El Rancho Pismo now offers more than 50,000 local residents access to healthy foods, and has created more than 140 new jobs. The \$3.6 million El Rancho Pismo store serves the communities of Pismo Beach, Grover Beach, Arroyo Grande, Oceano and Shell Beach. The FreshWorks Fund provided \$1.7 million in flexible financing for the purchase of the store's equipment and inventory.

THE CHALLENGE: More than 23 million Americans living in low-income areas lack access to a supermarket within a mile of their home, making it more difficult for them to access fresh fruits and vegetables, and increasing the risk of diet-related diseases such as cancer, diabetes and heart disease. Yet financing for small businesses that expand access to healthy foods is limited. In California, for example, a 2010 study examining big bank and total lending across the state found that lending to small businesses decreased by 70-75% from 2007-9. Worse, lending to small businesses in lower income neighborhoods decreased by almost 90%. The financing that remains available under these conditions is rarely accessible to higher-risk, start-up small businesses, including many small-scale healthy food retailers.

THE SOLUTION: Capital Impact has partnered with The California Endowment to create the **FreshWorks Fund**, a \$270 million public-private partnership fund that provides financing to attract retailers, producers and distributors to underserved urban and rural communities. In addition, Capital Impact is partnering with IFF to expand access to healthy foods in five states across the Midwest.

REAL IMPACT

The El Rancho story starts in Germany during World War II, where Helmut Holzheu's job as a teenaged apprentice for a master butcher was to help the store relocate the shop every time it was bombed. In 1954, Helmut emigrated to Santa Barbara and soon found a job as a butcher. Driven to own his own store, he was able to acquire the bankrupt BuyWise market, which he rebranded as El Rancho Market, specializing in fresh meat and produce. Today, it is a full-service supermarket with two locations.



[VILLAGE TO VILLAGE NETWORK]

Supporting Successful Aging

THE CHALLENGE: Nearly 93% of people over age 65 want to stay in their residence for as long as possible, and 80% believe their current residence is where they will always live. Yet home maintenance, lack of transportation and the need for increased assistance with day-to-day activities can become difficult with age—forcing many older adults to move into retirement communities, assisted-living facilities or nursing homes.

THE SOLUTION: Villages give older adults another alternative. Membership-driven, grass-roots organizations, Villages utilize both volunteers and paid staff to coordinate access to affordable services such as transportation, health and wellness programs, home repairs, social and educational activities, and other day-to-day needs. To help make more Villages in more communities a reality, Capital Impact joined Beacon Hill Village to launch the **Village to Village (VtV) Network**, a peer-to-peer network that helps communities establish, manage and continually improve their own Villages. In 2012, VtV Network hosted 15 webinars; launched nine “Village BetterBuys” programs, which add value to network membership through discounts and product offerings; hosted the National Village Gathering with 220 participants; launched nine pilot sites of the National Village Exchange to make available limited services for Village members traveling between member communities; and awarded 12 grants totaling nearly \$56,000 to enable existing Villages to implement sound business solutions and innovative approaches to sustainability.

- 94 total Villages open nationwide.
- 125 Villages in development.
- 14,000 estimated Village members nationwide.
- 220 members of the VtV Network.



ON THE GROUND

Through a \$1 million dollar investment by Archstone Foundation, the Creating Aging-Friendly Community through the Expansion of Villages provided grants to Villages in nine California communities and the University of California Berkeley. This initiative will target the need for building comprehensive and coordinated systems of care for older adults to ensure their safety and ability to dwell in their homes. The goal of the Archstone Foundation grant is to support and enhance the integration of aging services in California communities in ways that will increase the quality of life for those aged 65 and older living independently in the community. Capital Impact will help provide technical assistance to Villages.

REAL IMPACT

For 60 years, Dorothy Weinstein ran a boarding house for medical students in Boston. At age 100, Dorothy finally decided she needed help making beds and cooking, so she contacted Beacon Hill Village, which coordinated volunteers to provide Dorothy with light cleaning for the boarders, rides, home care services and delivered meals and groceries. This support meant that Dorothy was able to age in her own home, still actively engaged in the world around her. “At age 102, my mom died in her own bed, in her own home, with her family at her side,” said Dorothy’s son. “If it weren’t for the Village, this might never have happened.”

Giving Heart to Long-Term Care

- 146 GREEN HOUSE® homes operate on 34 campuses in 23 states.
- 120 additional GREEN HOUSE® homes in development in 9 additional states.
- 1,539 elders served in GREEN HOUSE® homes.



ON THE GROUND

Recent research establishes that THE GREEN HOUSE® model provides significant and sustained satisfaction and improved care over traditional nursing homes. Several recent studies have found the following:

- Significantly more direct-care and nursing time is delivered in GREEN HOUSE® homes.
- Overall staffing needs and costs do not increase compared to traditional settings due to a shift from supervisory and department hours to direct care hours.
- THE GREEN HOUSE® model uses time more effectively, delivering significantly more direct care and nursing hours within lower total direct service hours.
- Average operating costs for GREEN HOUSE® homes are between the 50th to 60th percentile of nursing homes nationally.

THE CHALLENGE: According to the Centers for Medicare and Medicaid Services, a majority of Americans over age 65 will require some type of long-term care services during their lifetime, and more than 40 percent will require nursing home care. The monetary cost is significant: In 2012, according to a 2012 survey by MetLife, a private nursing home room cost an average of \$248 daily, or more than \$90,500 annually. About a third of nursing home residents pay all of their nursing home costs from their own funds. There is also concern about the emotional cost of nursing homes, which many adults fear will strip them of their independence and foster isolation.

THE SOLUTION: **GREEN HOUSE®** homes are designed to address these concerns. As independent, self-contained homes for six to 12 people, GREEN HOUSE® homes offer an affordable option for older adults requiring nursing assistance and foster a sense of community. Each person who lives in a GREEN HOUSE® home has a private bedroom and full bathroom, opening to a central living area and an open kitchen and dining area. Residents share meals at a common table. THE GREEN HOUSE® project, funded by the Robert Wood Johnson Foundation, provides technical assistance and pre-development loans to organizations that want to establish GREEN HOUSE® homes. Capital Impact looks forward to making available additional affordable financing for new GREEN HOUSE® homes across the country, thanks to generous support from our partners, the Robert Wood Johnson Foundation and the AARP Foundation.

REAL IMPACT

Before moving to St. John's Pennfield GREEN HOUSE® in Rochester, NY, Louis Delucia was living a limited life in a traditional nursing home. "The staff in the traditional home think differently," he said. "[At THE GREEN HOUSE®] they are more relaxed and able to accommodate my individual needs." Now he interacts with a variety of people and spends time doing what he enjoys, like working in the garden he created. When asked to define freedom, Louis said, "To be able to do what you like to do, at anytime that you like to do it, without any restrictions. That is what I have here."

THE GREEN HOUSE® in Maryland



In an exciting fusion of our technical assistance capabilities and lending expertise, Capital Impact provided critical financing for the development of Maryland's first GREEN HOUSE® home: THE GREEN HOUSE® Residences at Stadium Place. Developed by Baltimore City nonprofit Govans Ecumencial Development Corporation (GEDCO) and leased and operated by Catholic Charities, THE GREEN HOUSE® Residences opened on April 19, 2012, and now provides innovative long-term care for 49 frail elders, more than 70% of whom are insured by Medicaid.

THE GREEN HOUSE® Residences at Stadium Place are part of GEDCO's master plan for a 30-acre retirement community for Baltimore's low-income seniors, located on the former site of Memorial Stadium. In addition to THE GREEN HOUSE® Residences, Stadium Place features four residential buildings with 340 apartments for low- and moderate-income seniors, as well as a new, state-of-the-art YMCA facility and community-built playground.

Capital Impact's investment in THE GREEN HOUSE® Residences at Stadium Place enabled us to provide integrated, comprehensive support for a project that will have a transformative effect on low-income seniors in Baltimore City, by ensuring that they have an option for high-quality, long-term care that will maximize their dignity, independence and connections to their community.

- Capital Impact provided more than \$4 million in financing for the \$11.5 million project.
- Additional support came from Susquehanna Bank, The Harry and Jeanette Weinberg Foundation, The Robert Wood Johnson Foundation, the State of Maryland, the City of Baltimore, The Leonard and Helen R. Stulman Charitable Foundation and the France-Merrick Foundation.

"This project would not have been possible without the technical support provided by THE GREEN HOUSE® project and integral, gap-filling financing provided by NCB Capital Impact. When GEDCO thought the project financing might fall through, the spirit of partnership throughout Capital Impact helped GEDCO to make this project a reality. We are grateful for their commitment to nurturing elders and helping GEDCO to build caring and compassionate communities."

—Rev. John R. Sharp, President, Stadium Place Board of Directors



Making Homeownership Accessible

- 770 Cornerstone members.
- Awarded \$1.3 million in federal dollars resulting in 1:1 non-federal matching funds.
- More than 1,000 affordable housing units stewarded with HomeKeeper.

ON THE GROUND

The Cornerstone Homeownership Innovation Program (CHIP) provides capacity-building grants to 10 nonprofit organizations engaged in shared equity homeownership programs (SEH), with the goal of more effectively managing public investment in affordable homeownership. SEH programs enable new homebuyers to partner with a government or nonprofit agency acting as a co-investor, injecting substantial public funds to reduce homeownership costs. In return, homebuyers will agree to limit, or share, their equity appreciation to preserve affordability so that the initial public investment can ultimately serve far more families. The main outcome for each organization is to increase the number of families served by their affordable homeownership programs without additional public investment. Affordable homeownership will become a reality for an estimated 300 low-income families per year, thanks to \$1.3 million awarded to these local organizations. CHIP is supported by the Social Innovation Fund of the Corporation for National and Community Service and the Ford Foundation.

THE CHALLENGE: Owning a home has been one of the most important ways for American families to accumulate wealth and promote community stability. However, since the mid-1960s, despite federal efforts to invest billions of dollars to expand access to homeownership, wide disparities exist for the homeownership rate for minority and low-income families.

THE SOLUTION: Capital Impact's **Cornerstone Partnership** is a peer network for homeownership programs designed to preserve long-term affordability and community stability. Working with a broad team of key industry partners, Cornerstone has outlined effective program practices that support its Stewardship Principles, and built a comprehensive technical assistance program and ambitious online software tool known as HomeKeeper for measuring the impact of individual programs and the sector as a whole.

REAL IMPACT

When Jodi Whalen and her husband decided to buy a house in Burlington, VT, they didn't expect it to be a problem. They had steady jobs, good credit and lived within their means. But after going through the mortgage application process, they were surprised to discover that their incomes were not high enough to afford a loan for a home in their community. "I grew up in a low-income household, and there was no inheritance on the horizon... no assistance of any kind," said Jodi. "So when we found out that we couldn't buy a house, it felt devastating and hopeless." Then she applied for—and purchased—a shared equity house through Champlain Housing Trust, a Capital Impact CHIP subgrantee. They lived in the house for two years before they were ready to sell the house and purchase on the open market. They sold their Champlain Housing Trust home to another first-time homeowner. "It is amazing to know that this house will always be a house that helps people change their lives," said Jodi.

[REAL IMPACT BY THE NUMBERS]



NCB CAPITAL IMPACT AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash and cash equivalents	\$ 11,301,781	\$ 11,186,368
Cash and cash equivalents - restricted	34,900,973	33,187,082
Accounts and interest receivable	3,292,379	2,550,729
Contributions receivable	1,179,363	1,458,935
Investments	4,571,409	3,602,202
Investment in joint venture	2,647,181	1,989,177
Loans receivable	143,904,975	139,039,322
Less: allowance for loan losses	(9,114,558)	(9,139,992)
Loans receivable, net	134,790,417	129,899,330
Loans receivable - subsidiaries	41,474,750	40,202,816
Other real estate owned, net of valuation allowance of \$570,178 in 2012 and \$60,000 in 2011	1,313,330	1,591,712
Other assets	2,530,456	1,914,918
TOTAL ASSETS	\$ 238,002,039	\$ 227,583,269
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 3,614,878	\$ 3,553,057
Revolving line of credit	7,500,000	9,100,000
Notes payable	51,102,851	45,455,104
Subordinated debt	8,218,000	8,218,000
Notes payable - subsidiaries (Note 12)	41,491,344	40,202,816
TOTAL LIABILITIES	\$ 111,927,073	\$ 106,528,977
Commitments and Contingencies (Notes 15 and 16)		
Net Assets		
Unrestricted	79,024,200	77,662,319
Temporarily restricted	45,478,724	41,919,906
Permanently restricted	1,572,042	1,472,067
Total net assets	126,074,966	121,054,292
TOTAL LIABILITIES AND NET ASSETS	\$ 238,002,039	\$ 227,583,269

[FINANCIALS]

NCB CAPITAL IMPACT AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Changes in Unrestricted Net Assets		
Financial Activity		
Financial income		
Interest income on investments	\$ 103,992	\$ 62,654
Interest income on loans	10,954,684	10,386,843
Unrealized and realized gain on investments, net	231,536	650,957
Loss on sales of other real estate owned	(127,325)	(5,418)
Total financial income	11,162,887	11,095,036
Financial expense		
Interest expense	3,806,277	3,534,532
Provision for loan losses	193,688	1,175,388
Total financial expense	3,999,964	4,709,920
Net financial income	7,162,923	6,385,116
Revenue and Support		
Fees	5,094,710	6,592,114
Contract revenue	1,750,116	1,026,229
Stock donation	720,000	-
Other income	101,455	12,698
Net assets released from restrictions	5,706,139	6,423,083
Total revenue and support	13,372,420	14,054,124
Expenses		
Lending program	7,480,812	6,152,568
Technical assistance	5,197,648	4,840,065
Total program expenses	12,678,460	10,992,633
Support expenses		
Management and general	6,205,579	5,521,904
Fundraising	289,422	270,262
Total expenses	19,173,461	16,784,799
Increase in unrestricted net assets	1,361,881	3,654,441
Changes in Temporarily Restricted Net Assets		
Revenue and Support		
Interest income on investments	26,833	54,135
Gain on investment in joint venture	658,004	54,504
Grants - CDFI Fund Healthy Foods Financing Initiative	2,598,483	3,000,000
Grants - Ford Foundation - Match for Social Innovation Fund	1,500,000	-
Grants - CDFI Fund Financial Assistance Award	1,453,806	1,500,000
Grants - Kellogg Foundation	900,000	-
Grants - The California Endowment	849,000	250,000
Grants - Social Innovation Fund	417,754	14,510
Grants - Kaiser	350,000	800,000
Grants - Robert Wood Johnson Foundation	-	137,612
Grants - JP Morgan Chase	-	2,500,000
Other grants	511,077	906,228
Net assets released from restrictions	(5,706,139)	(6,423,083)
Increase in temporarily restricted net assets	3,558,818	2,793,906
Changes in Permanently Restricted Net Assets		
Loan principal recoveries	99,975	18,920
Loss on loan principal charge off	-	(138,761)
Increase (decrease) in permanently restricted net assets	99,975	(119,841)
Increase in net assets	5,020,674	6,328,506
Net assets - beginning	121,054,292	114,725,786
NET ASSETS - ENDING	\$ 126,074,966	\$ 121,054,292

NCB CAPITAL IMPACT AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash Flows from Operating Activities		
Increase in net assets	\$ 5,020,674	\$ 6,328,506
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Provision for loan losses	193,688	1,175,388
Loss on loan principal charge off	-	138,761
Loan principal recoveries restricted for long-term purposes	(99,975)	(18,920)
Depreciation	34,614	49,678
Investment gains, net	(231,536)	(650,957)
Stock donation	(720,000)	-
Gain on investment in joint venture	(658,004)	(54,504)
Loss on sales of other real estate owned	127,325	5,418
Valuation Adjustments on other real estate owned	510,179	-
Change in discount of contributions receivable	-	(137,612)
Accretion of interest on loan from Ford Foundation	47,688	73,244
Accretion of interest on other loans	48,864	40,821
(Increase) decrease in:		
Accounts and interest receivable	(1,049,016)	698,785
Contributions receivable	279,572	7,664,773
Other assets	(593,906)	(485,358)
Increase (decrease) in:		
Accounts payable and accrued expenses	61,821	(396,758)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,971,988	14,431,265
Cash Flows from Investing Activities		
Loan originations and advances	(52,754,514)	(47,437,836)
Loan repayments	46,301,400	38,343,068
Proceeds from distributions of investments	117,824	47,878
Purchase of investments	(135,495)	(87,591)
Purchase of equipment	(56,246)	(18,679)
Proceeds from sale of other real estate owned	44,649	213,582
NET CASH USED IN INVESTING ACTIVITIES	(6,482,382)	(8,939,578)
Cash Flows from Financing Activities		
Proceeds from notes payable	6,487,000	5,488,679
Repayment of notes payable	(935,805)	(498,052)
Repayment of note payable - other	(284,641)	(269,303)
Proceeds from note payable - other	1,573,169	6,494,217
Proceeds from lines of credit	25,500,000	6,100,000
Repayment of lines of credit	(27,100,000)	(25,000,000)
Proceeds from subordinated debt payable	-	8,218,000
Loan principal recoveries restricted for long-term purposes	99,975	18,920
NET CASH PROVIDED BY FINANCING ACTIVITIES	5,339,698	552,461
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,829,304	6,044,148
Cash and cash equivalents - beginning	44,373,450	38,329,302
CASH AND CASH EQUIVALENTS - ENDING	\$ 46,202,754	\$ 44,373,450
Cash and cash equivalents	\$ 11,301,781	\$ 11,186,368
Cash and cash equivalents - restricted	34,900,973	33,187,082
TOTAL CASH AND CASH EQUIVALENTS	\$ 46,202,754	\$ 44,373,450

[KEY PERFORMANCE INDICATORS]

TOTAL DISBURSEMENTS

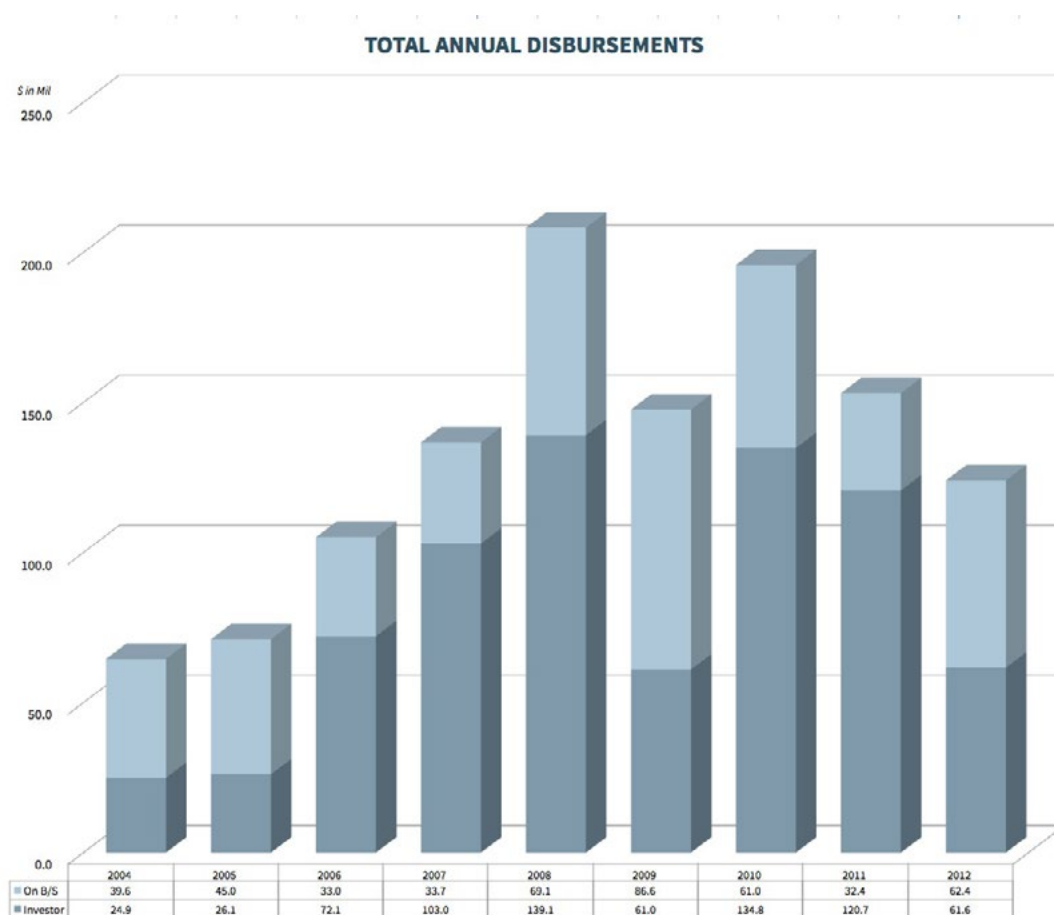
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Investor	24.9	26.1	72.1	103.0	139.1	61.0	134.8	120.7	61.6
On B/S	39.6	45.0	33.0	33.7	69.1	86.6	61.0	32.4	62.4
	64.5	71.1	105.1	136.7	208.2	147.6	195.8	153.1	124.0

TOTAL LOANS OUTSTANDING

	2004	2005	2006	2007	2008	2009	2010	2011	2012
NCBCI	72.3	79.8	68.9	67.0	86.1	114.8	136.5	139.1	144.0
Managed	76.5	111.5	161.7	298.8	427.9	503.6	610.8	735.6	786.6
Total All	148.8	191.3	230.6	365.8	514.0	618.4	747.3	874.7	930.6

CREDIT QUALITY

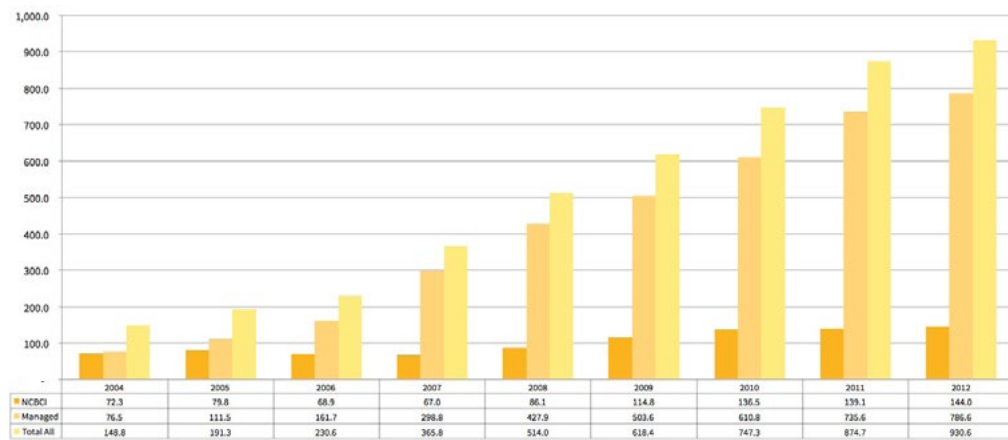
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Non-Performing	0.5%	1.5%	1.5%	2.0%	2.6%	2.8%	2.7%	4.0%	3.2%
D30	1.7%	0.7%	4.8%	2.6%	0.7%	0.1%	0.1%	0.3%	0.2%
D60	0.0%	0.0%	0.7%	0.6%	0.6%	2.2%	0.6%	0.1%	0.4%
Allowance for LLR (% of Total Loans)	8.3%	7.1%	8.0%	7.5%	6.4%	5.7%	5.8%	6.5%	6.3%



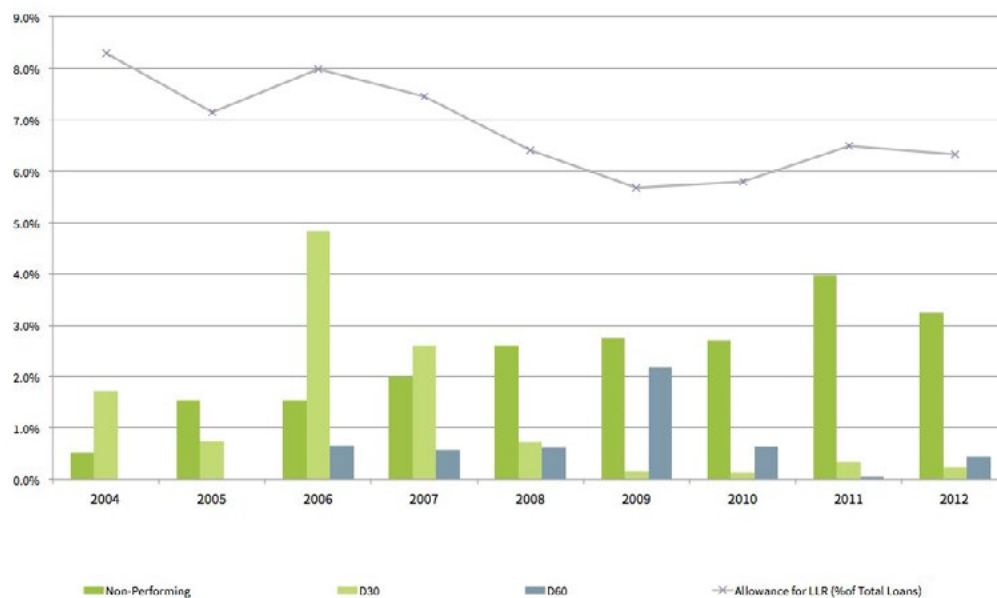
[KEY PERFORMANCE INDICATORS]

£ in Mtl

TOTAL LOANS OUTSTANDING



CREDIT QUALITY INDICATORS



[REAL IMPACT BY PEOPLE]



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