

TO OUR BORROWERS AND PARTNERS:

The news over the past few weeks has generated a lot of anxiety about the financial markets, and has caused all of us to re-think our banking relationship, retirement plan and financial security. It's understandable then that many of you have called to determine how the crisis has affected NCB Capital Impact. This is what we want you to know:

- We have money to lend
- Our financial condition & loan portfolio are strong and sound
- It's business as usual at NCB Capital Impact
- We are planning for the future

HOW HAS THE CRISIS IN THE FINANCIAL MARKETS AFFECTED NCB CAPITAL IMPACT?

When NCB Capital Impact makes a loan, that loan is funded with either our capital, capital from our investors or some combination of the two. By the end of 2008, we expect to disburse \$200 million of loans, a new single year record for NCB Capital Impact. This could not have happened without the strength of our borrowers and continued commitment of our investors to our work. We know that many of our investor partners have been impacted by the credit crunch, and with less capital to invest, they have become more discriminating in determining how they will allocate that capital. Some describe this as a flight to quality. Our most critical partners tell us they are committed to financing community development and are focusing their efforts on their strongest financial partners. They have regularly communicated to us that providing capital to NCB Capital Impact is among their highest priorities. In fact we recently, we received a \$12 million PRI from Bank of America - the largest Program Related Investment they have ever made.

HOW HAS NCB CAPITAL IMPACT'S FINANCIAL CONDITION AND THE PERFORMANCE OF ITS LOAN PORTFOLIO BEEN AFFECTED?

NCB Capital Impact continues to be one of the strongest and best capitalized community development finance organizations in the nation. The Opportunity Finance Network recently completed its 3rd CDFI Assessment Ratings System (CARS) review of NCB Capital Impact and affirmed our Rating of "1" for Financial Strength and Performance and "AA" for Impact Performance. The rating for Financial Strength and Performance tells potential investors that *"A CDFI in this group is sound in every respect. It exhibits exceptional financial strength, performance and risk management practices. Any weaknesses are minor and can be handled in a routine manner by the board of directors and management. This CDFI is resilient to significant changes in its operating environment. It generally has a score of 1 or 2 in all five of the FSP areas (Capital, Asset Quality, Management, Earnings & Liquidity)."*

Our investors continue to show confidence in our financial condition and lending track record evidenced by over \$110 million in new financing commitments in support on NCB Capital Impact's lending activities. This capital leaves us well positioned to meet the borrowing needs of our customers well in to 2009.

NCB Capital Impact has long been a cautious lender and maintained consistent underwriting criteria. While Wall St. was creating exotic financing vehicles, banks were relaxing underwriting standards to match and the rating agencies were enabling these changes, we stuck to our traditional underwriting in markets that we know well. By every critical measure, our loan portfolio is strong. Loan delinquencies, Classified Assets and Non-Accrual loans are all below their established performance benchmarks.

Our financial position together with the performance of our borrowers on their loans is the key to our investors' view that NCB Capital Impact is a safe place for their money.

**WE ARE DISCUSSING A LOAN WITH NCB CAPITAL IMPACT,
HOW WILL THE CURRENT CRISIS IMPACT THAT LOAN?**

If you have a Commitment from NCB Capital Impact to fund a loan, we have identified the funding source for that loan whether from our balance sheet or capital from one of our investor managed programs. So, you need not be concerned about our ability to fund your loan. In many instances, you have or will have the opportunity to lock in an interest rate so that you can eliminate the anxiety of wondering about the cost of your financing.

If you are in a more preliminary stage where you are discussing the possibility of a loan with your loan officer, it's likely we have identified the source of financing, but may not have locked it in. In this case we encourage you to work diligently with your loan officer to submit all of the information they have requested as timely as you are able. The sooner that we can complete our underwriting and issue a Commitment, the sooner you can take "get financing" off your To Do list. At the point of Commitment, we will lock in financing and if you request, the interest rate.

**HOW LONG WILL THIS MARKET TURBULENCE LAST AND
WHAT STEPS IS NCB CAPITAL IMPACT TAKING FOR THE FUTURE?**

It's difficult to predict how long this current credit crisis will last. Many feel that congressional approval of a rescue plan will signal the beginning of improved availability of capital. What's less certain is when this will be reflected in improvement in the overall economy.

As we indicated earlier, we have already secured access to \$110 million of new financing commitments, and we have applied for another \$150 million of New Markets Tax Credits. We expect to hear the results in the next month or two. With these funds we are committed to meeting our customer's financing needs well into the future. Our financial position remains strong due to a healthy performing loan portfolio and prudent expense management. We are well capitalized and positioned for future growth.

To our customers we encourage them to be diligent and thorough throughout the planning process. Be clear about your needs and certain about your financing capacity. Evaluate a number of scenarios to confirm your figures. Assume a range of interest rates so that you are confident about the interest rate band within which you'll operate. Most of all, be patient. What we can say with certainty is that markets are cyclical and more normalized conditions will return over time. A comment from Charles Snyder, CEO of NCB, in a recent letter to the bank's customers is worth repeating: *"Despite all the uproar in the media about the state of nation's financial institutions, the simple fact is that the great majority of banks in this country are sound and in no way in jeopardy. NCB is most certainly one of these."* So too is NCB Capital Impact and we look forward to meeting your capital needs in 2009 and beyond.