

People *First*...
Communities *First*...
City *First*...

City *First* Bank of DC



2 0 0 3 A N N U A L R E P O R T



CITY *FIRST*
BANK OF DC

Building Community Strength

Our Mission

To promote investment in and strengthen under-served communities in Washington, D.C. by providing credit, financial services and access to information for individuals, organizations and businesses.

CityFirst Bank of DC is the first and only community development bank in the region. A full-service commercial bank with a national bank charter, CityFirst is FDIC-insured and recognized by the D.C. Office of Local Business Development as a local small business in an Enterprise Zone.

Our Vision

To be the premier financier of community development projects throughout the Washington, D.C. region – as lender, advisor, intermediary or facilitator.



Message from the Chairman and the President

In 2003, CityFirst continued to increase its role as a financier for DC's least-served communities, those east of 16th Street and east of the Anacostia River. For the second year in a row, CFBanc Corporation, CityFirst's holding company, earned significant profits while simultaneously generating impressive lending volume and community development impact. In 2003, CityFirst:

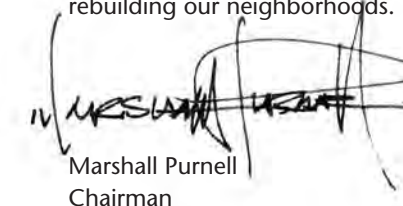
- originated \$45 million in new loans;
- financed 415 new affordable housing units;
- created or retained 306 jobs; and,
- earned approximately \$610,801 at 0.84% return on average assets.

In 2003, two other activities merit special mention:

- In March 2003, CFBanc Corporation received an allocation of New Markets Tax Credits for \$73 million in new equity investment into the organization. Of this total, \$7 million will be used to attract new equity investment in the Corporation and downstreamed into CityFirst Bank and for other Bank-related activities. The remaining \$66 million will be sub-allocated to CityFirst Capital I, LLC, a newly created real estate fund that we plan to manage jointly with The Bernstein Companies.
- In December 2003, CityFirst Bank of D.C. purchased the property located at 1432 U Street, NW. We plan to substantially renovate this building and move all the bank's operations there by early 2005.

In 2003, CFBanc Corporation raised \$5.6 million in new shareholder capital. Investments came from the Cooperative Assistance Fund; Wachovia Affordable Housing Corporation; Ameriquest Capital Corporation; Ferris Baker Watts; Calvert Social Investment Fund; Capital One, F.S.B.; Treasury Bank, N.A.; J.P. Morgan Chase Community Development Corporation; and the CDFI Fund of the U.S. Treasury Department.

We will continue to use all our expertise and resources to support the people and institutions rebuilding our neighborhoods.



Marshall Purnell
Chairman



Clifton G. Kellogg
President & CEO

"To build a better community, we all have to take on responsibility. We all have to be our brothers' keeper. Only we can save ourselves from ourselves."

– Detective Floyd R. Myers

Lending strength...

Like its customers, CityFirst Bank is agile, experienced and market-savvy. Because we know what works, we lend to customers with great ideas who often don't fit the conventional bank profile.

■ Renovators of small apartment buildings

Critical to housing in low income, moderate income, and transition neighborhoods, but too small and varied to justify most banks' interest.

■ Vibrant Community Organizations

Facilities financing is often essential to future financial stability of these organizations and to that of their communities, too. Credit lines are frequently critical to start-up and remain intrinsic to certain businesses. These institutions are the powerhouses that spark community development.

■ Small business seeking capital to grow

Always a risky venture for a bank, but so important for a vigorous community.



Detective Floyd and Mrs. Alicia Myers, and their son Isaiah
3110 E Street, SE
Washington, DC

On the beat... and in the neighborhood

Detective Floyd Myers is a true neighborhood champion – protector, entrepreneur, activist. As a DC police officer, Myers protects DC's communities in his full-time job. On his off hours, Detective Myers oversees and manages gut rehabs on homes and small multi-family buildings in Marshall Heights, his boyhood neighborhood. Myers is also Vice Chairman of the Marshall Heights Community Development Corporation, one of the city's premier nonprofit developers. Thus far, CityFirst has financed the Myers' acquisition of three multifamily buildings totaling 36 units. Floyd and Alicia Myers' entrepreneurship and activism preserve affordable housing and build neighborhood vitality.



Colonel Sherman & Mrs. Fostina McKenney
3330 & 3332 4th Street, SE
Washington, DC

A retired Air Force Colonel and his wife rehab and manage affordable homes east of the river

Together, Sherman and Fostina McKenney dedicate their working lives to providing quality housing for people who might not otherwise have access to it. Colonel McKenney is a former Air Force officer who came to Washington at the end of a distinguished career. Col. and Mrs. McKenney enjoyed the city so much that the couple decided to remain in Congress Heights and make a difference by providing much-needed affordable housing. Colonel McKenney brought a love of building and rehabilitation from his childhood in Alabama, where his entire family once built its own “new” house using materials recovered from his mother’s girlhood home.

Since 1978, Colonel and Mrs. McKenney have rehabbed 170 affordable rental units. CityFirst has financed four projects with them, totaling affordable 60 units. Colonel McKenney is in charge of acquisition and renovation, while Mrs. McKenney handles leasing and management.

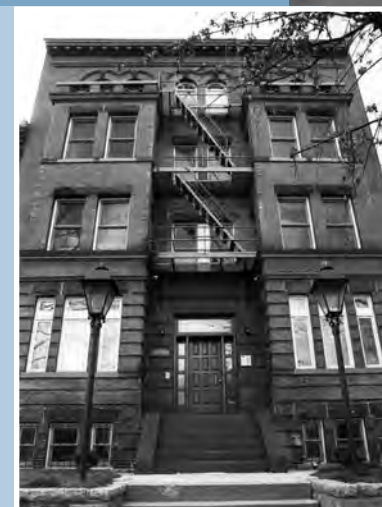


“I don’t care who you are, or what your circumstances, everyone deserves the chance to live in quality housing.”
– Col. McKenney

An ethic of revitalizing transition neighborhoods

Brian and Louise Brown care deeply about the vibrant and diverse neighborhood where they work and live. Brian generates an idea a minute – and his follow-through is good, too. His firm, Nextgen, cooperates with several non-profits that subsidize prospective renters of market-rate units. On one of Brian’s recent acquisition and renovation projects, he is piloting the idea of providing free internet access for neighbors from the dish on his property’s roof. Brian buys only abandoned buildings, and he is beginning a foray into commercial development based on his belief that healthy neighborhoods combine diverse incomes, housing types, and a mix of commercial and residential uses: “coopertition” he calls it.

Brian and Louise Brown
Nextgen Construction & Renovation
221 Florida Avenue, NW
115 New York Avenue, NW
Washington, DC



"We are creating a school where students are free to excel." – Floyd Gilmore

Strengthening the fabric of our neighborhoods...

Churches, shelters, schools, day care centers, and specialized housing and counseling agencies - they strengthen and nourish our communities every day. These groups need high-quality offices, classrooms and sacred spaces, but because they don't buy and renovate properties every day, they often require additional real estate expertise. That's where CityFirst know-how comes in.

Our team knows the ins and outs of real estate renovation, and we take the time to understand complex organizational finances. When it's time to make this kind of major purchase, many local groups rely on CityFirst not only for financial services, but for strategic advice, too.



WMST is housed in "The Blue Castle," a Washington landmark.

Dr. Ndeye Fama Diagne
Teacher

Washington Math
Science Technology
Public Charter HS

Mr. Floyd Gilmore
Principal
770 M Street, SW
Washington, DC



A credit lifeline to a school that nurtures budding technological and scientific talent

Chartered in 1998, Washington Math Science Technology Public Charter High School offers rigorous college preparatory courses to students who want to pursue careers in the fields of math, science and technology. Fully staffed and ready to roll, the school quickly ran into a potentially serious problem – school disbursements were lagging behind schedule. It needed a line of credit. CityFirst responded very quickly.

Today, the school has expanded to 324 students in grades 9-12. This school is thriving and offering a top-quality education to many students who could not find equivalent public school or affordable private school opportunities.

"My philosophy is that it makes good business sense to bring good service and quality products to underserved markets." – Ali Kazenzadeh

Banking on neighborhood entrepreneurs...

CityFirst sees the market through the eyes of our customers. In Washington's neighborhoods, what do consumers want that they can't find? Who has the right combination of inspired idea and street smarts?

Small business banking is both art and science. CityFirst helps entrepreneurs understand what it takes to succeed financially. Our relationship doesn't end with a loan - it begins with one. We play the role of advisor, critic and cheerleader, so that every customer can reach his or her true potential.



Ali Kazenzadeh

Station owned by
AKJK, Inc.
4200 Nannie Helen
Burroughs Blvd., NE
Washington, DC

Neighborhood fuel in a clean, well-lighted place

Ali Kazenzadeh and his brother Kazem exemplify the energy and entrepreneurship brought to the U.S. by so many new immigrants. Arriving from their native Iran in the early 70's, they immediately began trying to identify local market gaps with a view to starting a business. The Kazenzadeh brothers noticed few quality gas stations in northeast and southeast Washington, and so they began to expand into these neighborhoods. Between them, the Kazenzadehs now own nine stations across the Washington metropolitan area. Their signature is the large, well-kept, well-lighted, full-service station. CityFirst has financed three stations with the Kazenzadehs – all in underserved neighborhoods.

Deposits + CityFirst = Loans

City First Depositors see a double Bottom Line...

It's a simple formula: deposits fuel loans. CityFirst uses FDIC-insured deposits to lend where it's needed most. At City First, our depositors earn competitive market rates. But just as importantly, we offer the added satisfaction of knowing that while your deposits are earning interest, they're also working hard to improve the community.

- \$50,000 can fund an equipment loan for a small business in Columbia Heights;
- \$100,000 can fund housing renovation in Anacostia;
- \$250,000 can fund the acquisition and renovation of a new community church in Brentwood Park; and
- \$500,000 can fund a line of credit for a nonprofit organization revitalizing housing along North Capitol Street.

CITY FIRST PLATINUM DEPOSITORS

(Organizations that have deposited \$500,000 or more)

Annie E. Casey Foundation	Howard University
Arts and Technology Academy Public Charter School	Industrial Bank
Capital City Public Charter School	Meridian Public Charter School
Calvary Bilingual Multi-Cultural Learning Center	Metropolitan Washington Airport Authority
Charter School Development Corporation	National Congress for Community Economic Development
Community Partnership for the Prevention of Homelessness	National Cooperative Bank
Cornerstone, Inc.	New School for Enterprise & Development Public Charter School
D.C. Chamber of Commerce	Paul Junior High Public Charter School
D.C. Department of Housing and Community Development	Petromore, Inc.
D.C. Sports & Entertainment Commission	Teaching for Change
The Enterprise Foundation	Thurgood Marshall Academy
Freddie Mac	Washington Area Community Investment Fund
Horning Brothers	William C. Smith Co.
House of Ruth	

CityFirst–CDARS for our largest depositors

PUT YOUR MONEY ON A MISSION

City First Bank is the first bank in the region to offer FDIC insurance on deposits up to \$5 million,

PLUS

The satisfaction of knowing your money is at work in our city's communities.

CDARS provides full security, superior financial returns, and convenience to our depositors, while allowing City First to use the funds to lend in the neighborhoods that need it most.

CDARS is a perfect alternative to US Treasuries in the secured part of any investment portfolio.

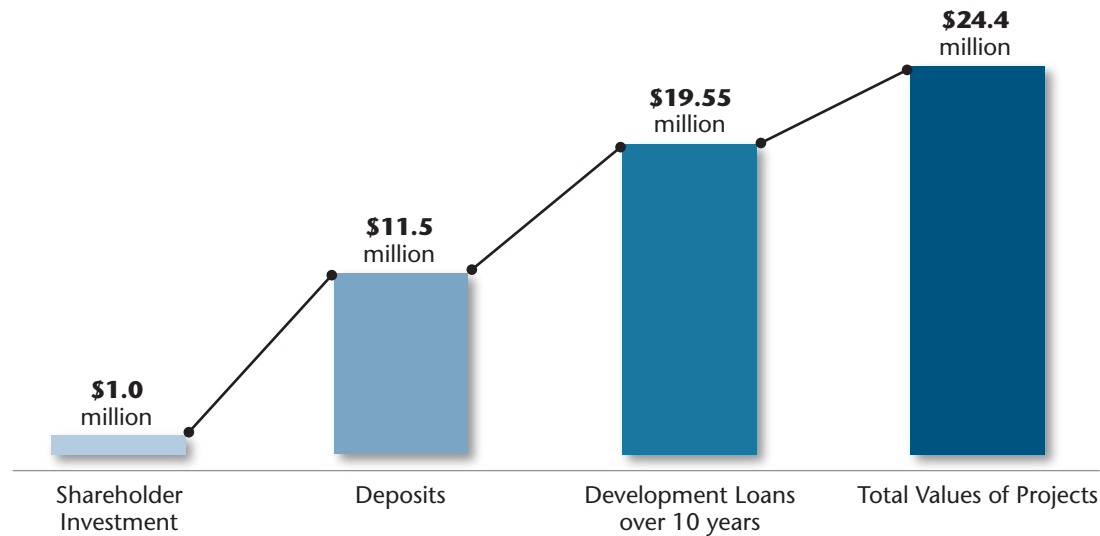
“CDARS is a new option for us to conveniently invest at a good return, while keeping our deposit on mission—working for DC’s neighborhoods.”

Kenny Emsen, Vice President and CFO
The Community Foundation for the National Capital Region

Shareholder Leverage/Corporate Shareholders

Leveraging Shareholder Investment 24 Times

Each \$1 of shareholder investment allows City First to raise \$11.50 of deposits. Typically, City First lends 80% of its deposits and will circulate those loans twice during 10 years. When customers' down payment is included, the total value of the projects is 24 times the original shareholder investment.



CORPORATE SHAREHOLDERS

Ameriquest Capital Corporation	Fannie Mae
Bank of America Corporation	Ferris Baker Watts, Inc.
Calvert Social Investment Fund Balance Portfolio	Georgetown University
Capital One, Federal Savings Bank	J.P. Morgan Chase Community Development Corporation
CFBanc Holdings, Inc.	M&T Bank
Citicorp North America, Inc.	The National Community Investment Fund (NCIF)
Community Development Financial Institutions Fund (CDFI Fund)	SunTrust Bank
Community Foundation for the National Capital Region	Treasury Bank, N.A.
Cooperative Assistance Fund, Inc.	Wachovia Affordable Housing Community Development Corporation

Shareholders = partners in community development

City First's institutional relationships are an asset that opens up new benefits for our customers. We thank all of them for being partners as much as investors.

In 2003, some of the highlights were:

- **Wachovia** led the way during City First's recent capital-raise as the first bank to increase their City First shareholder investment. Wachovia then subcontracted with City First to win the financial services contract with the new Washington Convention Center, resulting in 4 new City First ATMS
- **Countrywide/Treasury Bank** invested in City First and their former Chairman, Ed Furash, joined our Board of Directors.
- **Capital One** became a substantial shareholder and then purchased a large loan participation on a City First led nonprofit facilities loan.
- **Cooperative Assistance Fund** became a shareholder and increased its cash-collateral support for City First's small business lending.
- **SunTrust Bank** committed to increase its shareholding and became the first shareholder to commit to City First's commercial real estate fund capitalized with the New Markets Tax Credit.
- **Ameriquest Capital Corporation** increased its shareholding, demonstrating its support and commitment to City First's mission.

"It's definitely win-win. City First's participation in the procurement enhances the value of our offer, and City First can benefit from Wachovia's place in the market to share some of the benefits of the government contracts."

Linda Abravanel, Sr. Government Relations Manager
Wachovia

The Difference is Our People

When it comes to borrowing from banks, "Everyone's money is green." So how does a bank like City First distinguish itself from much larger financial institutions?

To thrive in competitive banking environment, City First's secret is simple: our team of highly effective, experienced staff. In fact, we pride ourselves on having a dedicated, skillful and market savvy staff, who are always accessible to our customers. City First will always be based in the community, where you'll have a personal relationship with our staff – never to be swallowed up in a bank merger. And needless to say, our money is green, too.



Senior Management

- Clifton G. Kellogg**, *President & CEO*
- Milton G. Franklin**, *Chief Lending Officer*
- Sam Srinagesh**, *Chief Financial Officer*
- Heather Brown**, *Vice President, Operations*
- Ann Wallace Scoffier**, *Vice President, Resource Development*



Loan Department

- Douglas F. Dillon**, *Vice President (picture not shown)*
- Godwin E. Agba**, *Vice President*
- Jeffery Sauls**, *Commercial Lender*
- Brenda M. Walls-Booth**, *Assistant Vice President*
- Ovie Idise**, *Credit Analyst*
- Byron Kittler**, *Credit Analyst (picture not shown)*
- Rhonda Dixon**, *Loan Administrator*
- Arnetta Parrish-Shaw**, *Executive Assistant/Credit Files Manager*



Finance & Operations Department

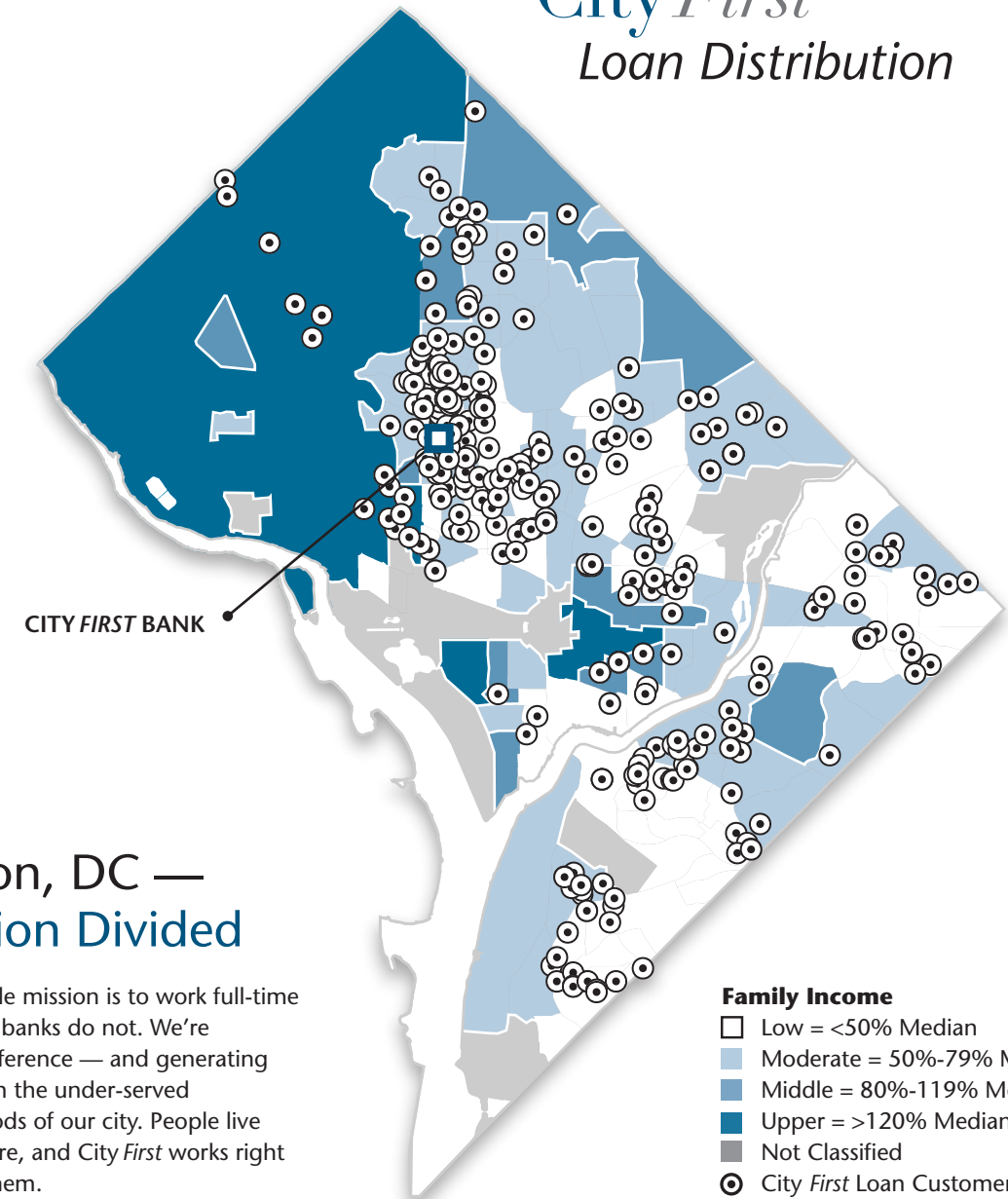
- Swapan K. Chaudhuri**, *Controller*
- Jeannette Greenhill Mensah**, *Assistant Vice President, Operations*
- Veronica Fortune**, *Executive Assistant*
- Edra Dove**, *Operations Specialist*
- Jaquelyn Martin**, *Operations Specialist (picture not shown)*
- Russell Brown**, *Loan Specialist*



Retail Branch

- Tanoa Akou**, *Assistant Branch Manager*
- Jose Ygoa**, *Assistant Branch Manager*
- Khadija Adams**, *Head Teller*
- Adrienne Robinson**, *Customer Associate*
- Vance Warren**, *Customer Associate (picture not shown)*

City First Loan Distribution



Washington, DC — A Region Divided

City First's sole mission is to work full-time where other banks do not. We're making a difference — and generating revenue — in the under-served neighborhoods of our city. People live and work here, and City First works right along side them.

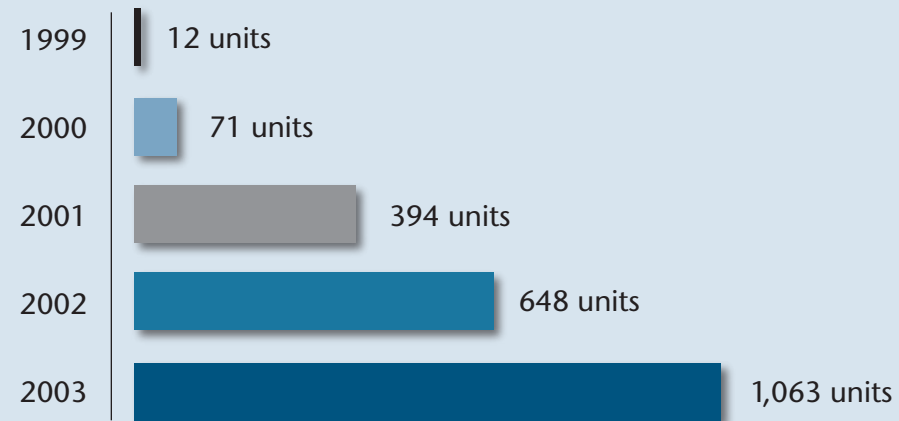
Family Income

- Low = <50% Median
- Moderate = 50%-79% Median
- Middle = 80%-119% Median
- Upper = >120% Median
- Not Classified
- City First Loan Customer

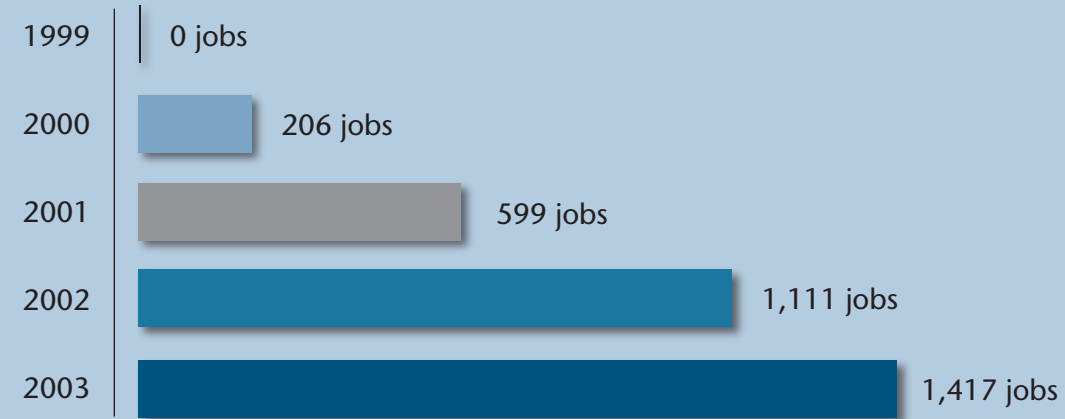
Keeping Score

Development Results

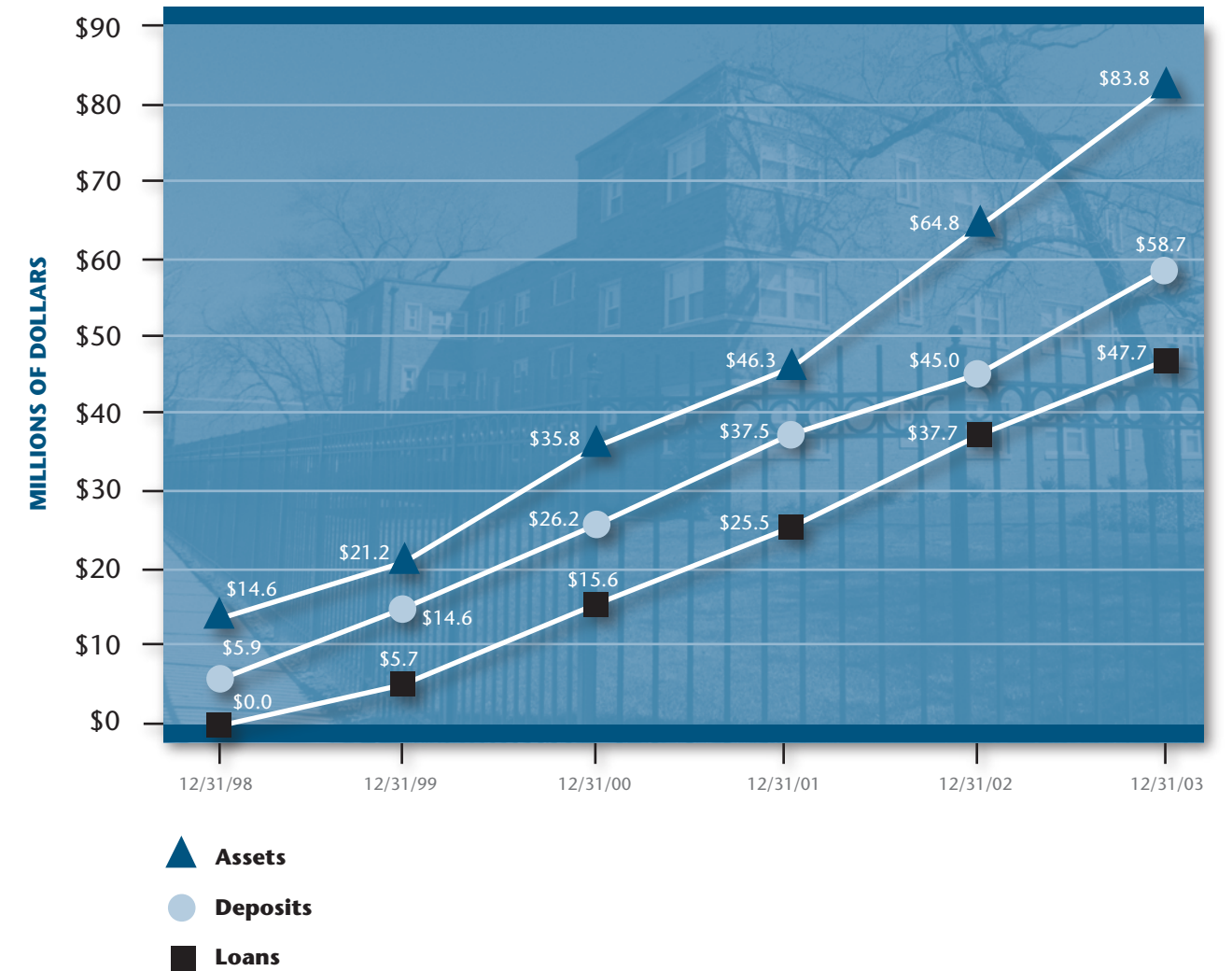
Affordable Housing Units Financed (cumulative)



Jobs Created or Retained (cumulative)



Financial Results



BOARD AND STAFF

THE BOARD OF DIRECTORS

Marshall E. Purnell, *Chairman of the Board, Principal*, Devroux & Purnell
Edward E. Furash, *Consultant*, Treasury Bank, N.A.
John M. Hamilton, *Chairman*, Community First, Inc.
Joseph F. Horning, Jr., *President*, Horning Brothers
Clifton G. Kellogg, *President & CEO*, City First Bank of D.C.
Nicholas P. Lambrow, *President*, Chesapeake Region at M&T Bank
Nicole F. Mandeville, *Sr. Vice President/Finance and Treasurer*, The Freedom Forum
David J. McGrady, *Consultant*
Cantwell F. Muckenfuss, III, *Partner*, Gibson, Dunn & Crutcher, LLP
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Desa Sealy Ruffin, *Principal*, Gotham Development
Carmen Ramos-Watson, *President & CEO*, Quality Management Resources, Inc.
Lloyd D. Smith, *Chairman Emeritus*
W. Christopher Smith, *Chairman & CEO*, William C. Smith & Co.

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William L. Robertson, *Consultant*

CORPORATE STAFF

Clifton G. Kellogg, *President & CEO*
Milton Franklin, *Chief Lending Officer*
Sam Srinagesh, *Chief Financial Officer*
Heather Brown, *Vice President, Operations*
Ann W. Scoffier, *Vice President for Resource Development*
Douglas F. Dillon, *Vice President*
Godwin E. Agba, *Vice President*
Swapam K. Chaudhuri, *Controller*



**CITY FIRST
BANK OF DC**

Member FDIC

City First Bank of DC
2400 14th Street, NW
Washington, DC 20009

Executive Offices: 202.332.5002
Retail Branch: 202.939.7600
Fax: 202.332.8240
Website: www.cityfirstbank.com

We are moving to 1432 U Street, NW in early 2005