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

City First Bank of DC

2003 Annual Report

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, CF Banc 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, CF Banc 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, CF Banc 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.

On the beat…and in the neighborhood

Detective Floyd Meyers 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 Meyers’ entrepreneurship and activism preserve affordable housing and build neighborhood vitality.
"I don’t care who you are, or what your circumstances, everyone deserves the chance to live in quality housing."

– Col. McKenney

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.

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: “cooperation” he calls it.

Brian and Louise Brown
Nextgen Construction & Renovation
223 Florida Avenue, NW
115 New York Avenue, NW
Washington, DC
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 City First 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 City First not only for financial services, but for strategic advice, too.

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. City First 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.
CityFirst Bank

“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

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.

Neighborhood fuel in a clean, well-lighted place
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.

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.

The Community Foundation for the National Capital Region

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

In 2003, some of the highlights were:

- Wachovia led the way during CityFirst’s recent capital-raise as the first bank to increase their CityFirst shareholder investment. Wachovia then subcontracted with CityFirst to win the financial services contract with the new Washington Convention Center, resulting in 4 new CityFirst ATMs.
- Countrywide/Treasury Bank invested in CityFirst 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 CityFirst led nonprofit facilities loan.
- Cooperative Assistance Fund became a shareholder and increased its cash-collateral support for CityFirst’s small business lending.
- SunTrust Bank committed to increase its shareholding and became the first shareholder to commit to CityFirst’s commercial real estate fund capitalized with the New Markets Tax Credit.
- Ameriquest Capital Corporation increased its shareholding, demonstrating its support and commitment to CityFirst’s mission.

CityFirst’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.

“[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 C. Kellogg, President & CEO
Milton C. Franklin, Chief Lending Officer
Sam Srinagesh, Chief Financial Officer
Heather Brown, Vice President, Operations
Ann Wallace Scoffier, Vice President, Resource Development

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)

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 Mba, Credit Analyst
Byron Kittler, Credit Analyst (picture not shown)
Rhonda Dixon, Loan Administrator
Arnetta Parrish Shae, Executive Assistant/Credit Files Manager

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.

Washington, DC — A Region Divided

City First
Loan Distribution
Keeping Score

Development Results

Affordable Housing Units Financed (cumulative)

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<th>Units</th>
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<tr>
<td>2002</td>
<td>648 units</td>
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Jobs Created or Retained (cumulative)

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Financial Results

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City First Bank
THE BOARD OF DIRECTORS

Marshall E. Purnell, Chairman of the Board, Principal, Devrouax & 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
Robert Peck, President, Greater Washington Board of Trade
Desa Sealy Ruffin, Principal, Gotham Development
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William L. Robertson, Consultant

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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
Swapan K. Chaudhuri, Controller

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2400 14th Street, NW
Washington, DC 20009

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Retail Branch: 202.939.7600
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Website: www.cityfirstbank.com

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