

Making Markets Work for People



2001 ANNUAL REPORT



CITY FIRST
BANK OF DC

A Bank for a Better Community

Who does *City First* work with?

Builders
Entrepreneurs
Investors
Teachers
Savers
Visionaries

Why do they bank with us?

We see the world through our customers' eyes.

City First – A bank for a better community.

The City First Mission

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

City First Bank of DC is the first and only community development bank in the region.

A full-service commercial bank with a national bank charter, *City First* is FDIC-insured, and recognized as a local small business by the D.C. Office of Local Business Development.

Dedicated to serving and fulfilling the needs of DC's low-and moderate-income neighborhoods, *City First* offers a diverse array of deposit products, cash management services, loans and financial advisory services.

A Message from the Chairman and the President



City First enters its fourth year of operation positioned for a very successful future. Amid world events rocking Washington, D.C.'s local economy, we continue to grow and expand our services in our target market—Washington, D.C. neighborhoods east of 16th Street, NW and east of the Anacostia River.

Bank assets grew in 2001, and our loan portfolio almost doubled. As of the end of March 2002, we have exceeded \$50 million in assets and originated over \$35 million in loans. This is a tremendous achievement: we know of no other *de novo* community development bank that has ramped up so quickly. We proudly lend \$17 million each year where it is needed most. The loans will be used for renovating affordable housing, growing small businesses and expanding nonprofit and social services organizations, such as churches and charter schools.



Our founding Chairman, Lloyd Smith, retired this year but will continue to serve as Chairman Emeritus of *City First*. Lloyd's leadership has been instrumental in building this bank and his contributions are everlasting. We thank him for his ongoing efforts to support our community.

The Board of Directors elected our new Chairperson, Desa Sealy Ruffin, who has been a part of the *City First* family since its conception by community stakeholders in 1993. Desa is Senior Vice President of William C. Smith & Co., a developer that has renovated and built thousands of units of affordable housing in Washington, D.C. She is a former Development Director for the Development Corporation of Columbia Heights, and past President of the Coalition for Nonprofit Housing Development.

City First is establishing itself as a community development bank of scale and profitability. Every day, we show that urban neighborhoods can be viable markets if approached with business discipline and long-term commitment. In 2002, CFBanc Corporation expects to raise more investor capital to continue this growth.


Desa Sealy Ruffin
Chairman


Clifton G. Kellogg
President & CEO



Hercules Pitts, H.O.P. and Associates
5100 & 5106 F Street, SE
Washington, DC

Hercules Pitts' former bank considered his acquisition and renovation of two vacant apartment buildings east of the Anacostia River too small to finance. For **City First**, Hercules' project fit perfectly. He is a hands-on developer creating affordable housing that makes markets work for people. Along the way, Hercules is providing families in the Anacostia community with a decent place to live.

Create sustainable, lasting market
change in neighborhoods...

Achieve lending and investment volumes
that make meaningful impact...

Improve individuals' economic well-being.

City First is the first and only community development bank completely dedicated to serving the low- and moderate-income neighborhoods of Washington, DC.

Opened in 1998, the bank offers credit, financial services and access to information for many individuals and businesses.

A full-service financial institution, the bank provides commercial real estate loans and loans to small businesses and non-profit organizations. We also offer a range of deposit services that promote savings as well as give interested persons an opportunity to use their deposits to support the bank's mission.

We focus on neighborhoods east of the Anacostia River and east of 16th Street Northwest. Located in a shopping center in the heart of Columbia Heights, the neighborhoods we serve in the eastern part of the City are home to 370,000 people.





Washington, DC Needs *City First*

Businesses and individuals must have access to credit to reach their economic potential. With so many bank mergers, automated credit-scoring systems, and institutions located far away from customers, people need **City First** – and a return to local, customer-by-customer focus.

Nationally Chartered, Locally Focused

City First is a nationally chartered bank whose shareholders include Georgetown University, National Community Investment Fund, Fannie Mae, Citicorp, Bank of America, SunTrust, Allfirst, and First Union/Wachovia. We leverage the capital of our shareholders by raising deposits. These deposits directly fund our lending, and as loans are repaid, the funds recycle into new lending projects. A bit over half of our deposits have come from individuals and institutions that support **City First's** mission.

We also provide basic banking services to over 900 small account-holders in our Columbia Heights neighborhood. Many of them are Latino immigrants with their first bank account. Over 80% of **City First** depositors are low- and moderate-income people. Over half have balances under \$500.

“Outstanding”

The Office of the Comptroller of the Currency (OCC) gave **City First** an “Outstanding” Community Reinvestment Act rating for meeting the credit needs of the community while maintaining safe and sound operations. Less than 5% of all OCC-regulated small banks receive the rating of “Outstanding.”

Why *City First* Works

City First works because we know our markets. We roll up our sleeves. We're active. We're interactive. We work with people, not just numbers. We adapt to meet our customers' needs. We help our customers help themselves.

Ann Herr
Chairman of the Board

Capital City Public Charter School
15th & Irving Streets, NW
Washington, DC

City First showed its responsiveness and innovation in financing the growth of Capital City Public Charter School from its start-up to an established organization:

- In 2000, **City First** loaned Capital City the funds to improve its original rented space above a retail center.
- In 2001, **City First** financed Capital City to acquire a formerly vacant landmark church, enabling the school's enrollment to increase from 156 to 250 students.





Maribel Ventura-Torres
Principal

Barbara Chambers Children's Center
15th & Irving Streets, NW
Washington, DC

City First helped structure and finance a complex 3-party transaction to enable Barbara Chambers Children's Center, a successful child care center serving 80 children, and Capital City Public Charter School to purchase their respective facilities:

- First, Capital City bought a formerly vacant church sanctuary, attached to a building rented to several nonprofit agencies, including Barbara Chambers Children's Center;
- Second, Capital City subdivided the two properties, so that Barbara Chambers Children's Center could purchase the facility it had rented for more than a decade.

Through this innovative arrangement, both Barbara Chambers Children's Center and Capital City PCS act as a stabilizing force amid several expansion projects currently underway in the Columbia Heights neighborhood.



Responsive, Entrepreneurial Banking

City First underwrites projects that respond to unmet demand and fill a financing gap in Washington, D.C.'s underserved neighborhoods. Specialized lending niches include:

- **Multi-family affordable housing renovation for individual developers and renovators.**

51% of the housing stock in the principal areas we serve corresponds to our multi-family niche of 4 to 49 units.

The Brookings Institution reports that there are only 40 available units of affordable housing for every 100 families seeking this type of housing in DC.

- **Nonprofit facility lending, including homeless shelters, charter schools, and churches.**

City First banks 10 of the 40 public charter schools in Washington, DC.

66% of the District's churches are in City First's target market area. Loans to churches make up 11% of City First's loan portfolio.

- **Small business lending to neighborhood businesses.**

While our target market area contains two-thirds of the city's population, it contains only one-third of the city's businesses.

Maria Mojica
City First Branch Manager

Martin Luther King, Jr. Library
901 G Street, NW
Washington, DC

From January through April 15, **City First's** Branch Manager, Maria Mojica, counseled over 1100 people who were using the free tax filing services at Martin Luther King, Jr. Library. She spoke to them about the benefits of using bank accounts rather than check cashers; saving for long-term goals; and, direct depositing tax refunds for safer, less expensive, and quicker access to funds. Over half of the people she saw reported having no bank account.



Put Your Money to work with *City First*

- Your \$50,000 deposit can fund an equipment loan for a small business in Columbia Heights.
- Your \$100,000 deposit can fund working capital for a charter school.
- Your \$250,000 deposit can fund acquisition and renovation of a new community church in Brentwood Park.
- Your \$500,000 deposit can fund a line of credit for a non-profit organization revitalizing the H Street corridor, or rehabilitation of affordable housing on Georgia Avenue.
- Your \$1,000,000 deposit can fund renovations of homes in Anacostia.

CITY FIRST PLATINUM DEPOSITORS

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

Annie E. Casey Foundation
Arts and Technology Academy
Community Partnership for the Prevention of Homelessness
D.C. Chamber of Commerce
D.C. Department of Housing and Community Development
D.C. Sports & Entertainment Commission
The Enterprise Foundation
Freddie Mac
Horning Brothers
House of Ruth
Howard University
Industrial Bank
National Congress for Community Economic Development
New School for Enterprise & Development Public Charter School
Paul Junior High Public Charter School
Petromore, Inc.
Thurgood Marshall Academy
Washington Area Community Investment Fund (WACIF)
William C. Smith Co.

Banking on the Neighborhoods of Washington, DC

Renovating vacant and dilapidated houses...
Making boarded-up storefronts useful again...
Working with community youth and providing banking education...
Welcoming immigrants opening their first checking accounts...



LITTLE BY LITTLE, STEP BY STEP, CITY FIRST IS HELPING TO:

- Spark the comeback of Washington's inner city neighborhoods.
- Strengthen often-overlooked communities.
- Support the nonprofit community— churches, charter schools and social service providers.

City First is partnering with community leaders, entrepreneurs and residents working together and thriving in the heart of Washington, DC.



Reverend Stephen E. Young, Sr.

**Holy Christian Missionary
Baptist Church for All People
5110 Nannie Helen Burroughs
Avenue, NE
Washington, DC**

Through the leadership of Reverend Stephen E. Young, Sr., the Holy Christian Missionary Church's 1500-member congregation is a major force in the revitalization of its Northeast, D.C. neighborhood. **City First** refinanced the loan that the church used to acquire a former Safeway grocery store and transform it into a beautiful place of worship and service. Holy Christian Missionary operates several programs vital to the community from this facility, including:

- a neighborhood daycare center;
- a homeless shelter;
- a job-training center;
- a senior citizens wellness facility; and
- a counseling center for victims of AIDS and substance abuse.



Cora Williams and Ken Rogers
President and Executive Vice
President

**Ideal Electric Supply
Corporation**
2900 V Street, NE
Washington, DC

Husband-and-wife team Ken Rogers and Cora Williams started Ideal Electric in the early 1980's. Today, **City First** is Ideal's primary bank, providing many services. Ideal, an electrical supply wholesaler, competes with its larger competitors by sticking to proven customer niches such as utilities and government entities. Receivables from these customers, however, don't always arrive in time to meet the company's purchasing needs. To bridge the gap, **City First** provides a revolving line of credit that enables the company to obtain better pricing from suppliers and further improve its profit margins. In addition, **City First** refinanced their term debt. Ideal also uses our depository services, including cash management and our PC banking system.



City First Services Directory

CHECKING

- Regular Checking for low activity accounts.
- Gold Checking for high activity accounts.
- Analyzed Checking for corporate accounts.
- Interest-bearing Checking for sole proprietors and nonprofit organizations.

SAVINGS

- Regular Savings Accounts.
- Money Market Accounts for higher balances.

LOAN PRODUCTS

- Lines of Credit for general operating needs.
- Term Loans for equipment purchases and refinances.
- Term Loans for business expansion and growth.
- Government Contract Lines of Credit.
- SBA-Guaranteed Loans.
- Commercial Real Estate Loans for purchases, renovation, and new construction.

OTHER SERVICES

- Certificates of Deposit
- Sweep Accounts for large-balance customers
- PC Banking
- Personal and Business Credit Cards
- 24-hour Telephone Banking
- Four ATM locations
- Courier Services
- Merchant Credit Card Services
- Direct Deposit
- Wire Transfers
- Night Depository
- Lock Box Services
- Money Orders, Cashier's Checks, Certified Checks, Traveler's Checks

All deposits are FDIC-insured. Other terms and conditions may apply.

City First Success

Financial Strength, Development Impact

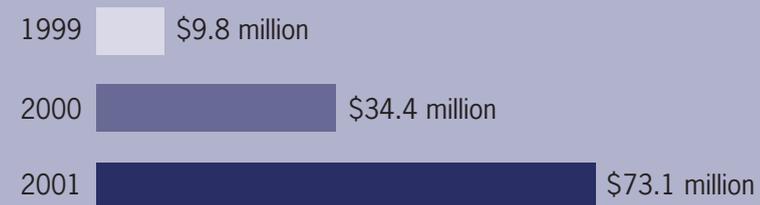
Affordable Housing Units Financed (cumulative)



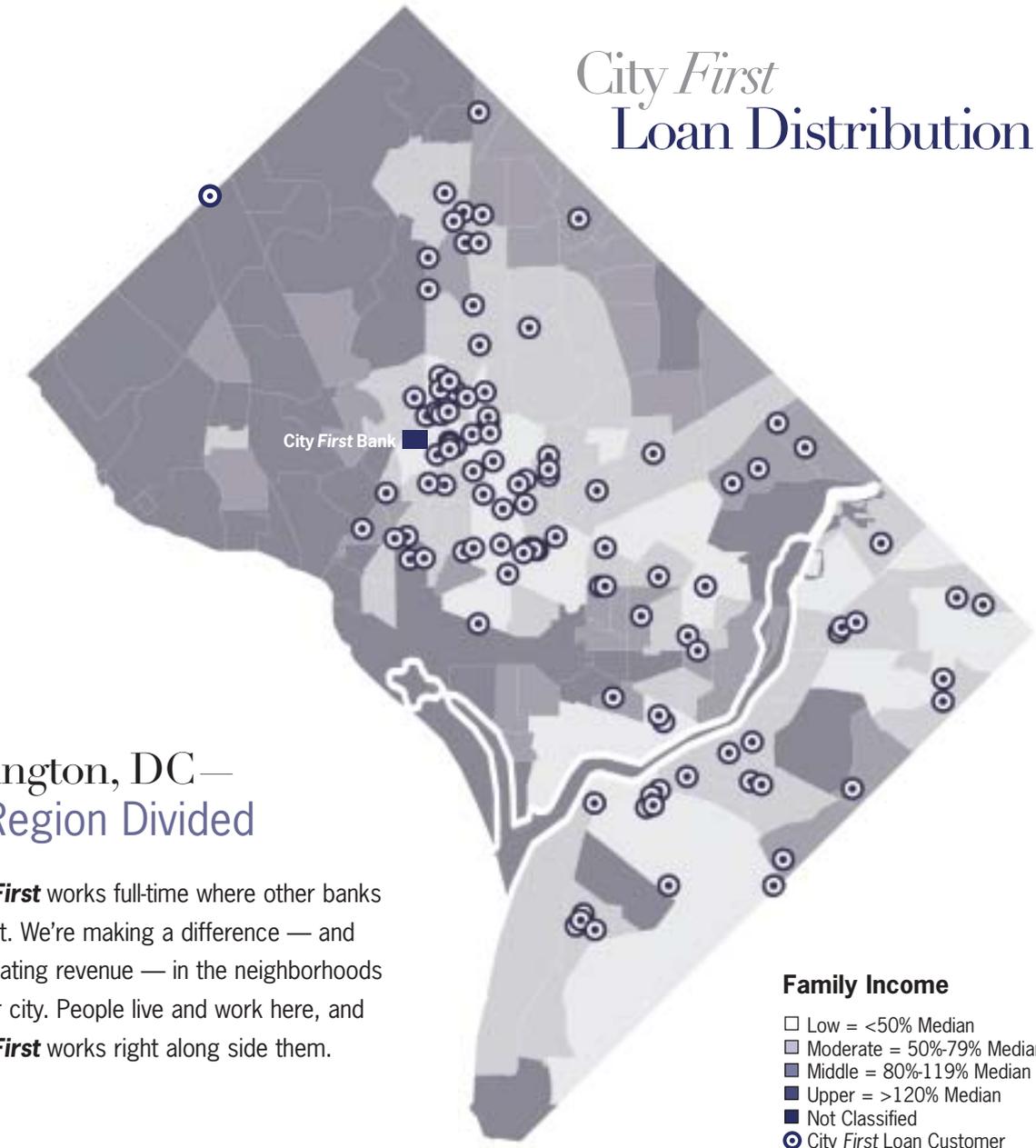
Jobs Created or Retained (cumulative)



Capital Investment Leverage (cumulative)



City First Loan Distribution



Washington, DC— A Region Divided

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

Steady Growth Excellent Performance

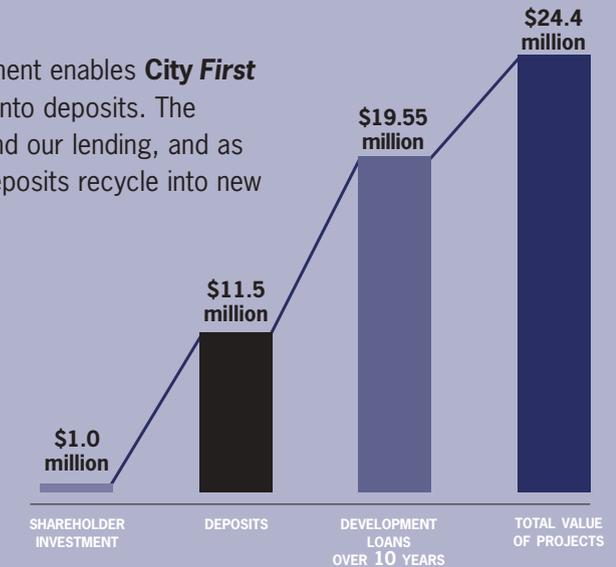


IN THE NEXT 5 YEARS, CITY FIRST PLANS TO:

- Lend more than \$100 million for affordable housing, nonprofit community organizations, and small business growth.
- Finance more than 1,000 units of affordable housing.
- Create or retain more than 1,000 jobs in Washington, DC.
- Provide low-cost basic banking services to more than 2,000 residents of Columbia Heights – for many, their first bank account.

Leveraging Shareholder Investment to Maximize Community Impact

Shareholder Investment enables **City First** to leverage capital into deposits. The deposits directly fund our lending, and as loans are repaid, deposits recycle into new lending projects.



CORPORATE SHAREHOLDERS

- Allfirst Bank
- Amerquest Capital Corp.
- Bank of America Corporation
- CFBanc Holdings, Inc.
- Citicorp North America, Inc.
- Community Foundation for the National Capital Region
- Fannie Mae
- First Union Corporation
- Georgetown University
- The National Community Investment Fund (NCIF)
- SunTrust Bank

BOARD AND STAFF

Board of Directors

Clifton G. Kellogg
President & CEO, City First Bank of DC

Desa Sealy Ruffin
Chairman, City First Bank of DC and
Senior Vice President, William C. Smith & Co., Inc.

Janice B. Griffin
President, Griffin & Associates

John M. Hamilton
Chairman, Community First, Inc.

Joseph F. Horning, Jr.
President, Horning Brothers

Nicholas P. Lambrow
President, Chesapeake Market, Allfirst Bank

Nicole F. Mandeville
Senior Vice President/Finance and Treasurer,
The Freedom Forum

David J. McGrady
Consultant

C.F. Muckenfuss, III
Partner, Gibson, Dunn & Crutcher

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President, G.E. Murray & Associates

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EVP & Chief Lending Officer

Peggy Delinoio
General Counsel

Sam Srinagesh
Chief Financial Officer

Ann Scoffier
Vice President, Resource Development

Milton Franklin, Jr.
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Senior Vice President

Godwin Agba
Vice President

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Vice President

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Vice President

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William Robertson
Consultant

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Partner, Milbank, Tweed, Hadley & McCloy



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BANK OF DC
Member FDIC