

ANNUAL REPORT

14



CITY FIRST
BANK OF DC



WHO WE ARE

City First Bank of DC is a mission driven, federally chartered, community development bank dedicated to strengthening low-wealth communities.

We've always taken pride in being *a different kind of bank*, striving to enhance our communities by supporting our customers who support the growth of healthier communities. We know that when you succeed, we all succeed.



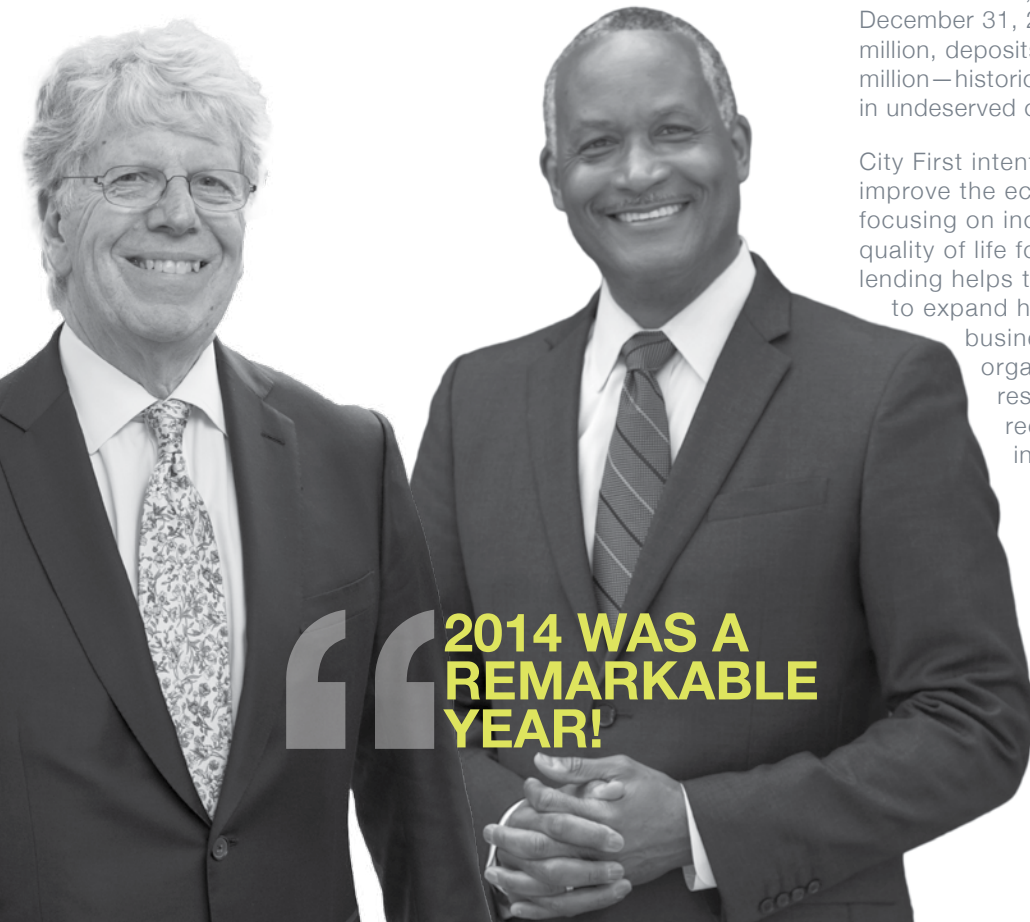
WELCOME TO CITY FIRST BANK



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cityfirstbank.com

WHY WE WORK



**2014 WAS A
REMARKABLE
YEAR!**

As we look back on 2014, it was a year of remarkable achievement for City First Bank. Our mission remained central in our continuing efforts to find creative solutions to the challenges faced by low-wealth communities. City First had a record year providing more than \$82 million in affordable capital and technical assistance to a myriad of nonprofits and businesses, representing a 25% increase over last year. In many cases our lending helped to preserve historic communities and landmarks, institutions and gems that are integral to the fabric of our city.

Since its inception in 1998, City First has understood the importance of investing in the people and infrastructure of the Nation's Capital and is proud to report that during our seventeen years we've originated \$563 million in loans to support over 5,000 affordable housing units, created or retained 4,360 jobs, and helped to create an additional 8,700 public charter school seats. As of December 31, 2014 City First Bank holds assets of \$241 million, deposits of \$191 million and gross loans of \$171 million—historically delivering over 80% of business loans in undeserved communities.

City First intentionally invests in projects that will improve the economic vitality of neighborhoods while focusing on inclusive development that elevates the quality of life for all residents. Each building that our lending helps to restore and each enterprise we help to expand has a story. Collectively, the residents, business owners, and stewards of nonprofit organizations have fueled the economic resurgence of our great city, and we recognize and are proud to be involved in their substantial efforts over the years.

Left

C.F. Muckenfuss, III
Chairman of the Board of Directors

Right

Brian E. Argrett
President & CEO



City First is also a national leader in the New Markets Tax Credit (NMTC) arena. Since the NMTC Program's inception, City First has been a six-time awardee of \$418 million in cumulative allocation authority, and has invested that capital in over 40 pivotal projects including community health centers, charter schools, social service organizations, arts institutions and grocery stores. The NMTC Program has allowed City First to finance large-scale facilities and anchor institutions that provide vital community services, and through their physical presence, have a substantial and catalytic impact on the revitalization of blighted properties and undeserved communities. This powerful tool has spurred economic development that has created jobs, provided critical community services and ushered in an arts renaissance within DC and throughout the Mid-Atlantic region.

Staying true to our founding mission, City First continues to garner the tools and dedicate the resources needed to focus on under-resourced communities. While Washington, DC has experienced tremendous economic growth over the last decade, there are areas of the city that have not benefited from this resurgence. City First recognizes the growing socio-economic disparity that is present in DC—especially in neighborhoods in the easternmost portion of our city and those east of the Anacostia River. The D.C. Fiscal Policy Institute's report, *High and Wide: Wage Inequality Gap in the District One of the Biggest in U.S. Cities*, found that income inequality in the District is the fourth-highest among the 50 largest cities in the

country—higher than New York, Chicago and San Francisco. The study noted that the richest 5% of Washingtonians make 54 times what the poorest 20% make. To help close the gap, City First—in just the past five years—has provided over \$86 million in directed capital to fund projects that support affordable housing, small business development, education, primary health care, and commercial real estate within the most under-resourced communities. One example is Unity Health Care in the Parkside community of Ward 7. In 2014 alone, Unity Health Care provided services for over 20,000 visits and served the needs of almost 7,000 patients, many of whom did not previously have a medical home.

In the very same spirit, this fall we are thrilled to host our second annual Community Development Finance Summit—focusing on “Equitable Economic Development East of the River”—convening key community development stakeholders and thought leaders to discuss the primary challenges and opportunities impacting these communities and how we can provide financial resources, influence public policy, and make investments in infrastructure that represent the very best values and interests of all residents.

Both City First and DC have come a very long way since that day in 1993, when two dozen community development leaders, lawyers and business leaders gathered in the basement of a DC church to find a solution to the problems of disinvestment and discrimination right here in the Nation's Capital. We successfully navigated through

multiple challenges, including the Great Recession—we've had to re-strategize, innovate and get really creative during the economic hardship. Through it all we are proud to say that the same passion, energy, and commitment to healthy community development burns just as bright in our team today as it did when we opened our doors in 1999.

This 2014 Annual Report proudly encapsulates a few People Behind the Places who work tirelessly and passionately to strengthen the fabric of historic and iconic communities in DC, and who lead in the development of a healthier ecosystem overall. This is what community development banking looks like. This is why we work.

If you aren't already banking with us, we invite you to review our Annual Report and be convinced that you belong here! If you are already banking with us, we would sincerely like to say, “Thank you for helping us build stronger communities each day, and we hope that you are proud.”

Please come by the bank to visit; we're right here in the heart of DC.

With great appreciation,

Chuck Muckenfuss
Chairman of the Board

Brian E. Argrett
President and CEO





PEOPLE BEHIND THE PLACES

Every success story is a tale of constant adaption, revision and change. A company that stands still will soon be forgotten. Trying to provoke positive change is a principle we've embedded across the City First Family for almost two decades. Here are a few stories of our customers and their vision...





Duane Gautier

ACTIVATING ANACOSTIA

One Small Business at a Time

Duane Gautier strolls quietly into the Anacostia Arts Center, located in the Historic Anacostia neighborhood along Good Hope Road in Southeast DC—greeting visitors warmly with a smile and nod. As he enters the building that is the headquarters to a host of tenants, nothing about him commands particular attention; nothing about him boasts that he is the CEO of ARCH Development or that he is the visionary behind the very walls of the Anacostia Arts Center and the surrounding area.

The building and the businesses, many of which are minority and/or women-owned that thrive inside it, a café, retail boutiques, shared workspace, walls adorned with art pieces from neighborhood artists—is the blossoming of a

seed planted over 20 years ago—to support and revitalize Anacostia using art as the vehicle. The ingenious idea of focusing on art and the rich history and culture of Historic Anacostia to influence economic development has allowed Duane to be a change agent for Anacostia's renaissance, echoing its glory years before the 1968 riots, crime and the overall deterioration of this community that drastically changed the landscape of this area of our Nation's Capital.

Duane and his ARCH Development team understood that Anacostia did not need another government or social service building, but creative spaces for budding entrepreneurs and artists. Over time, an art gallery and a printing





“OUR PARTNERSHIP HAS STOOD THE TEST OF TIME

studio laid the foundation for a business incubator. The saying, “if you build it, they will come”, is true—five private offices and six shared offices were filled within three months and it ultimately led to the establishment of Hive 2.0 that now occupies the lower level of the Anacostia Arts Center.

Anacostia Art Center is deep and rich in history. In June of 1999, City First was an investor in ARCH Development Corporation, at its inception. ARCH provided training in construction work for young men seeking employment during DC’s commercial real estate boom. Our partnership has stood the test of time. Sixteen years after financing the acquisition and construction for what is the Anacostia Arts Center today, we are proud to note the recent opening of our Community Engagement Office within it.

As Duane looks ahead to the next 15, 20 years, his eyes are enlivened again. “The next thing I want to do—the Art Center is a part of it. Where it’s going to go is going to be an interesting story. Our mission is to act as a catalyst. Fifteen years from now, I want to see this as a thriving mixed-income community, and the whole idea is to use arts and culture as one of the means to revitalize. We’re not interested in building big buildings. We want to fill store fronts.”

In 2014, the Washingtonian Magazine named Duane Gautier as a “Washingtonian of the Year” because he had the fortitude to turn a vision into an ongoing, ever-transforming and catalytic project. He remembers being struck by the disinvestment in Anacostia in the 80’s, this once forgotten gem of the city. He can now be among those pioneers who can rightfully take credit for its resurgence.



Buwa Binitie

~~UN~~AFFORDABLE

Making Unaffordable Housing Affordable

At the age of five, Buwa Binitie, a native of Lagos, Nigeria, knew he wanted to be a businessman. Today, as the Managing Principal of Dantes Partners, Buwa is in the business of building luxury affordable housing in otherwise unaffordable parts of Washington, DC. As we chat by the

rooftop terrace of an apartment complex he built, Buwa Binitie is humble and grounded, and it is evident he believes that his successes are not his own.

His passion is not just for building affordable houses in DC, but for building affordable houses that can be called, “home.” “I lived in San Francisco, New York, Los Angeles and later, DC,” he recalls, “and I could not find a place to live, even with a respectable income.” He soon realized that he wasn’t alone in this struggle.

Buwa Binitie smiles broadly as he thinks about his journey over the last several years, “I still pinch myself every day. I get to contribute to the skyline of the District of Columbia. I drive around with my daughters, and they point out, ‘Dad, that’s your building!’ I don’t take it for granted at all.” He pauses before he continues, “I was an

“DAD, THAT’S YOUR BUILDING!”

“I told myself that if I had a way to make things different for people like me, I’d focus on that: to make housing affordable.”

Collaboratively, City First Bank and City First Homes worked with Dantes Partners to finance the acquisition and construction of Metropolitan Overlook on 2nd Street NE. The building had been vacant for more than 20 years, creating an eyesore and unsafe conditions in the neighborhood. They returned the property to viable housing stock and provided 37 beautiful new homes—11 exclusively for low-income families and the balance priced for moderate-income families.

immigrant to this country, and to see what I have been able to accomplish in the District. I want to create that opportunity for others too.” Earlier this year, Buwa was awarded the prestigious 2015 Minority Business Leader Award from the Washington Business Journal – a proud moment for us all.





Emily Lawson

WE'VE GOT THE POWER

DC Prep - #1 Network of Charter Schools in DC

Emily Lawson, the unassuming, modest Founder and CEO of DC Prep, DC sits comfortably in her Edgewood Northeast Washington, DC office. Her walls are bountifully decorated by her own three kids' artwork and feature pictures of her family, cascading from a photo tree on her desk. One of DC Prep's Core Values featuring a student photo – Optimistic Determination – hangs above her desk. There are no ribbons, awards, or anything else that signals her achievement or success in creating and launching DC Prep. As she strives for perhaps one of the purest forms of purpose – giving underserved children opportunities through high-quality, public education – her hope for the city, dedication to excellence and absence of

disillusionment is refreshing. It all started with her vision of eliminating inequity in education. Her desire and hope was to build a school that emphasized character building along with rigorous, inspired academics. "We've set an example of what is possible with DC Prep." A native Washingtonian, Emily Lawson's passion was predicated on the premise of equality in education, and by the age of 30, she left Wall Street determined to improve education in her hometown. "I had no idea what was in store for me embarking on this journey," she excitedly remembers, "I don't know if I would have started if I knew!"





After opening with its flagship Edgewood Middle Campus in 2003, DC Prep is now a network of four (soon to be five) high-performing charter schools located in Washington, DC's low- and moderate-income neighborhoods and has built quite an impressive reputation as a school system with a model that works. Emily and her team have mastered the formula that blends a rigorous academic curriculum and a strong character-education – today, serving over 1,300 preschool through eighth grade students from traditionally under-resourced neighborhoods. By transforming a deserted block of former warehouses in Ward 5 into an award-winning elementary and middle school, and a former DCPS facility into a state-of-the-art learning space in Ward 7, she

and her team have helped change the face of education in the District. As Emily shares her story, from building a career in private equity, to investing in a high risk asset of founding her first DC Prep campus, it is evident that she is still a thoughtful dreamer.

The way DC Prep is flourishing today is a testimony to her own leadership, brilliance, and remarkable character. She is, without a doubt, teaching DC Prep students about perseverance, striving for excellence and always choosing to put others first. Furthermore, she and her team are teaching their students every day that they've got the power—the power to change, impact and influence the world around them, no matter what neighborhood they currently call home.

DC Prep is a 2014 recipient of funding from City First's New Markets Tax Credit Program which enabled the organization to renovate and engage in a construction project for its Ward 7 Benning site. And, without missing a beat, her team gears up yet again to open a 5th campus in the Anacostia neighborhood of Ward 8 this fall with preschool and pre-k.

As of 2014, DC Prep is recognized as the highest performing network of public charter schools in DC for the third consecutive year—a point worth celebrating.



AFFORDABLE HOUSING

As a proactive community development leader, City First Bank has made significant strides to increase the affordable housing stock in the District. Collectively, the City First Family of Companies has worked tirelessly to expand opportunities and access to affordable capital for low- and moderate-income persons, bringing resources to the underserved, and empowering and revitalizing communities throughout the Washington, DC metropolitan region. Since inception, City First Bank has provided \$159 million in financing supporting affordable housing development and preservation. City First has created strong relationships with numerous affordable housing developers and champions in the District, and provided financing for subsidized housing through the DC Housing Choice Program as well as tenant-sponsored cooperative (co-ops) projects.

N STREET COOPERATIVE | Prime Example

Silvia Inéz Salazar, has been a driving force in the 1417 N Street Cooperative for twelve years. While initially only seeking to rid her apartment complex of bedbugs, black mold, and rats, Silvia and her neighbors mobilized to advocate for themselves and eventually pursued owning their building.

After being diagnosed with a brain tumor and undergoing surgery, she decided that her mission was to serve as an advocate. When she moved into the building in 2003, she could not imagine the revolutionary journey that awaited her. Finding creative and artistic channels like plays and artwork, allowed Silvia to galvanize her neighbors to join the fight for improving living conditions in the building.

“As an organizer, I think my path began when we talked in the building about how bad the building was—and in the beginning, people were scared. They wouldn’t even open the door for me!” But with persistence, tenants began to open up to the idea of fighting for change.”

The tenants represent a racially and economically diverse community of people who are dedicated to keeping their homes affordable. The 1417 N Street Cooperative building is one of a few remaining affordable buildings in the Logan Circle neighborhood. The seven-story, 84-unit cooperative is made up of low- to moderate-income families and individuals who work in the city.

Today, with the area surrounding 1417 N Street developing rapidly, Silvia understands that the demographics of her community have changed. When there are furniture stores down the street selling pieces that cost more than one apartment's monthly rent, folks in her building wonder, "Do we belong here?" and to that question, Silvia gives a resounding, "Yes! We are a home community, we are a cooperative. We DO belong here!" she speaks, enthusiastically.

Thanks to funding by the DC Department of Housing and Community Development, the tenants of N Street Cooperative successfully bought their building in July 2011 through a tenant purchase deal. Having worked closely with the members of the N Street Cooperative, City First Enterprises (CFE) was able to assist with an early pledge to invest mission dollars towards building rehabilitation.

CFE then conducted hands on community development by orchestrating a long-term sustainability strategy, securing a financing partner and committing \$2.1 million in creative financing. City First Bank committed an additional \$1 million

in critically needed financing to meet the full rehabilitation and construction needs of the building, which began in 2014. City First Homes (CFHomes) executed legally binding permanent affordability agreements with the 1417 N Street Cooperative that balance wealth building with future affordability. CFHomes will further work with the Cooperative by providing comprehensive stewardship services in English and Spanish, which include technical assistance, member education, and property management evaluation to make sure that the cooperative remains successful and affordable to working families.



**THE DIGNITY OF
HAVING A DECENT
PLACE TO LIVE.**



COLORADO AVENUE COOPERATIVE

28 Permanently Affordable Units in Brightwood

The 5741 Colorado Avenue Cooperative is a partnership with Mi Casa, Inc. that pairs City First's financing and stewardship with Mi Casa's development consulting. The goal is twofold—preservation of permanent affordability housing while giving residents tools for success, such as language interpretation. In the limited equity cooperative space, City First Homes has been working closely with Mi Casa and the Latino Economic Development Center (LEDC) for resident training, Spanish-language interpretation, and Tenant Purchase development deals.

Built in 1937, the 28-unit building in Brightwood had fallen into disrepair and neglect. In response, the residents of 1425 T Street NW, who had faced similar challenges, just minutes away from Colorado Avenue, met with the tenants of the Colorado Avenue Cooperative to help move into action and to pursue the ideal solution—homeownership.

Through strategic community organization and the subsequent forming of a tenant association, the residents were able to rally for building improvements. Such an effort positioned the long-term residents to become homeowners. The average resident has lived in the building for more than 12 years, with some residents calling the building home for more than 30 years.

The residents at Colorado Avenue are extremely diverse: made up of 50% African American families, 30% Latino families, 12% White families and an Asian American household. The investment in the building also supports these low-income families, with more than half of the residents earning an annual income of \$30,000 or less, an extremely difficult amount to make ends meet in the very expensive nation's capital (and less than 30% of the area median income).





EASTBROOKE at BEULAH CROSSING

39 Affordable Units in Deanwood Heights

Last year, UrbanMatters began developing the Eastbrooke Apartment Homes at Beulah Crossing. The development is a public/private partnership with the DC Department of Housing and Community Development to provide 39 new construction, affordable multi-family units. The project will feature one, two and three bedroom apartments with open floor plans, off street parking, a resident fitness area, computer lounge, library reading area and bike storage. The project will be financed with Low Income Housing Tax Credits (LIHTC), Tax Exempt Bonds, Private Financing and a District investment. UrbanMatters formed a strategic partnership with Beulah Community Improvement Corporation, a key neighborhood stakeholder, and the Carlisle Development Group to master plan and develop eight abandoned, vacant parcels located along the Northeast border of DC.

The project guarantees a minimum of thirty years of affordability and will also be constructed to meet Green Communities standards.

Once it is completed, the new apartment building will become part of the fabric of the Deanwood neighborhood, one of Northeast DC's oldest communities with a unique "small town" character. It is historically a community of mostly African-Americans, a community that still is home to buildings designed and built by many famous and leading African-American architects. Though there have been efforts to revitalize this area, there is still a significant need for small business development and affordable, quality homes. The new Eastbrooke Apartments hope to be a catalyst for the beginning of positive change for the community.



SMALL BUSINESS LENDING

City First understands the essential role that small businesses play in building wealth and healthier communities. Small businesses create jobs, provide much needed local goods and services, and are the essence of creating local economies. City First supports small businesses by providing capital for operations, expansion, and commercial real estate purchase. We have a rich history of impact that we can all be proud of – serving customers and creating jobs so that neighborhoods can thrive.

Career Technical Institute is one example of City First providing a small business with support for operations in order to provide educational opportunities.

CAREER TECHNICAL INSTITUTE | Believing in People

When Moses Rabi purchased Career Technical Institute (CTI), he had no experience managing employees. But at the end of the day, he realized that, “they’re just people. If you do right, everything will work out.” Moses learned early on that to be successful, he had to put together the best staff possible. To do that, he hired from within. Students having graduated from CTI “have been there, done that, and they want to help the students because they’ve walked in those shoes,” says Moses.

“We focus on the people and do what’s best for them and that usually brings you more business and helps you to grow,” he says of his business model. The team at CTI works with each student to find the best fit and the best route to get them the

technical training they need to start building a career of their own. CTI provides career support, conducts mock interviews, and provides assistance with students’ resumes and externship placement.

“When our students succeed, I know we did a good job. You realize how much it means to them,” he shares. In fact, he requires all of his staff to attend graduation ceremonies to fully understand the impact they have on their students as evidenced by the families and friends who come out to support the graduates.

Through the training that CTI provides in fields such as health care, information technology and hospitality, students with previously limited employment options are able to build a better

life for themselves and their loved ones.

Meet Phyllis, Anthony and Treshia—former graduates who are now the network administrators, financial aid advisors, and registrars who welcome new students to CTI every year. Thanks to the training they received at CTI, they are dreaming bigger dreams and propelling their own careers forward.

**MEET
PHYLLIS,
ANTHONY
& TRESHIA...**



Once a student at CTI, Phyllis Stoddard now works in the Registrar's Office remembering that her journey here began a few years ago when she was handed a flyer to learn more about CTI's program. CTI's flexibility in class schedules allowed her to work and also study. "Every step of the process was amazing," she recalls. "CTI gave me more than I ever had in my whole life. It gave me a sense of knowledge while letting me be who I am. I just love being a part of CTI because they gave so much to me, coming from nothing."

Upon graduating from CTI, Anthony Jones was offered a job by the Institution to become the school's Network Administrator. Following in the tradition of CTI's corporate culture, Anthony thrives on assisting students along their path at CTI and takes pride in his newfound position to empower people no matter their circumstances. Providing creative and collaborative problem solving are one of the key tenets he reflects upon as a core competency taught to him, and now shared by him at CTI.



Treshia Pettiford got her A+ certification and learned everything there is to know about computers—how to fix them, build them, take them apart. "I came here to seek a change in life. A change in direction, a change in my career field," she recalls. Upon graduation, she did an internship at CTI and eventually found herself in a dream job with CTI's Financial Aid office where she feels incredibly fulfilled. She works with students every day to help them get the financing they need to change their future as she did.

NEW MARKETS TAX CREDIT PROGRAM (NMTC)

City First Bank is one of the most successful community development entities in raising and deploying capital through the New Markets Tax Credit Program (NMTC), a prestigious private-sector investment capital platform of the CDFI Fund. Through our affiliate, City First New Markets Fund II, LLC, City First has financed a number of large-scale, transformational real estate projects that encourage growth in distressed communities.

City First has financed more than 40 high-impact, catalytic projects with investments of up to \$25 million per transaction. Most NMTC customers are nonprofit organizations that build, own, and occupy their facilities, ranging from health clinics to charter schools and from recreation and educational facilities to arts and performance venues.

In 2014, City First was awarded a \$48 million NMTC allocation authority to continue its mission of raising private investment capital to finance large-scale development projects that will be the catalyst for transformational change and redevelopment in economically distressed communities. Read more about the three marquee projects financed from our last round of NMTC funding on the following pages.



City First is a six-time awardee of New Markets Tax Credits totaling **\$418 MILLION** and has become a premier NMTC facility lender in the Mid-Atlantic region. Operating in five states – DC, Maryland, Virginia, Delaware and Pennsylvania.





REGIONAL REACH WITH NMTCs

The \$26 Million Story

What do a charter school, a research facility, and a health and literacy complex all have in common? But for the private sector capital raised through the NMTC program, these projects may not have received the affordable capital for the construction of these worthy projects and wouldn't be here. In 2014, City First was proud to provide \$26 million in below-market capital with concessionary terms to finance these three projects in DC, Baltimore, and Philadelphia that will bring jobs and vital services to economically distressed communities.

DC Prep Public Charter School

Washington, DC

DC Prep is the highest-performing network of public charter schools in Washington, DC and currently operates four schools on two campuses. Financing from City First Bank supported the renovation and expansion of its Benning Campus, located in Washington DC's Ward 7, to include a modernized elementary school and a newly constructed middle school. The project created 211 additional charter school seats. At capacity, the Benning Campus will serve 711 students pre-school through eighth grade, of which 90% will qualify for free and reduced cost lunches.

The Center for Health and Literacy

Philadelphia, PA

The Center for Health and Literacy is a cooperative project between the Children's Hospital of Philadelphia (CHOP) and the City of Philadelphia. This dynamic complex will offer medical care, wellness services, as well as recreational and literacy programs in one convenient location in order to improve health and educational outcomes for children and adults in South Philadelphia. It is estimated that the new facility will receive 100,000 patient visits annually. Approximately 70% of the patients served will receive medical assistance from the government, and live at or below the poverty line. The new Center will allow both CHOP and the City of Philadelphia to gain some cost efficiencies by sharing certain clinical services such as laboratory and radiology space.

1812 Ashland Avenue


Baltimore, MD

The 1812 Ashland Avenue project is a 163,307 square foot office and research facility focused on medical and life science research. It is the next project in the Science and Technology Park at Johns Hopkins University to be delivered by Forest City New East Baltimore Partnership and East Baltimore Development, Inc. The project is expected to create significant impact in the highly distressed East Baltimore community by spurring additional development for commercial space, affordable housing, and early childhood education. Development of the new facility is expected to create 266 construction jobs and a number of permanent jobs in the retail, office, and science lab categories. The project is required to provide contracting opportunities for certified minority- and women-owned businesses and meet local and minority hiring goals.



A photograph of four business professionals in a meeting room, overlaid with a semi-transparent blue filter. The text "STELLAR STEWARDSHIP" is written in large, bold, yellow capital letters across the center. A thin yellow diagonal line runs from the top left towards the bottom right, passing behind the text. The professionals are seated around a conference table with laptops and papers.

STELLAR STEWARDSHIP



As DC's only commercial bank solely dedicated to community development finance, we are proud to boast of our leadership team and stakeholders—from executive management, staff and board members to shareholders who ensure our efforts are focused on the community.

We work creatively with socially responsible investors, public agencies, and financial intermediaries to provide a double bottom line—helping depositors earn a superior return while their deposits go to work in neighborhoods in and around Washington, DC that need our critical financing the most.

Everyone at City First shares a deep commitment to our mission, demonstrated in countless volunteer efforts throughout DC. Members of our staff are on the boards of organizations that promote small business and community development finance, including the Local Initiative Support Corporation, Washington Area Community Investment Fund, NEDCO, and the Community Development Bankers Association. You'll also find City First staff members on the boards of numerous charter schools and other educational organizations.



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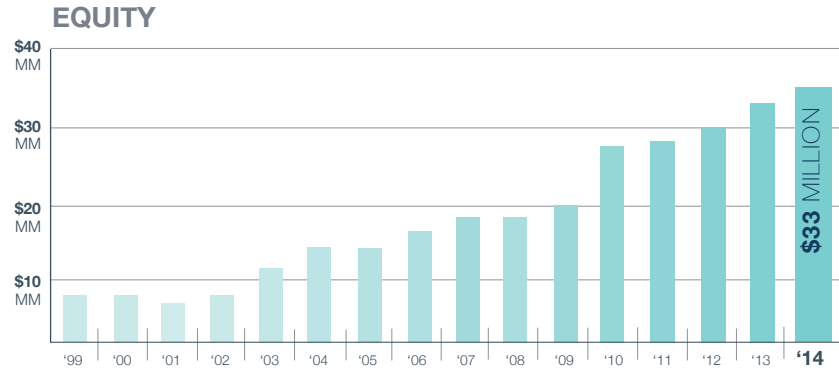
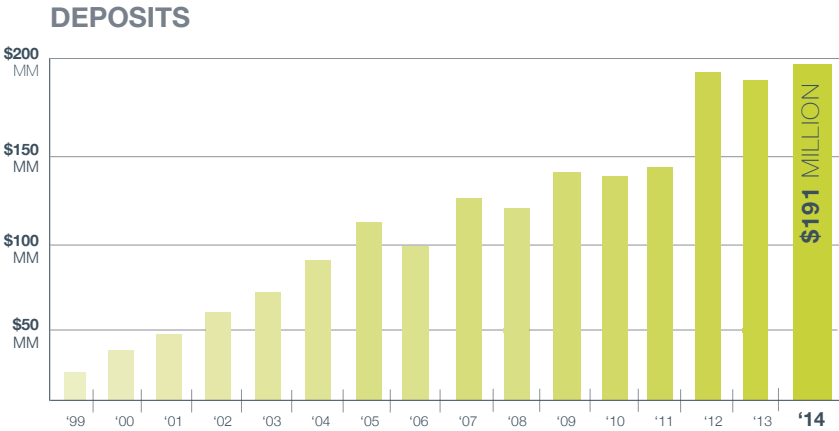
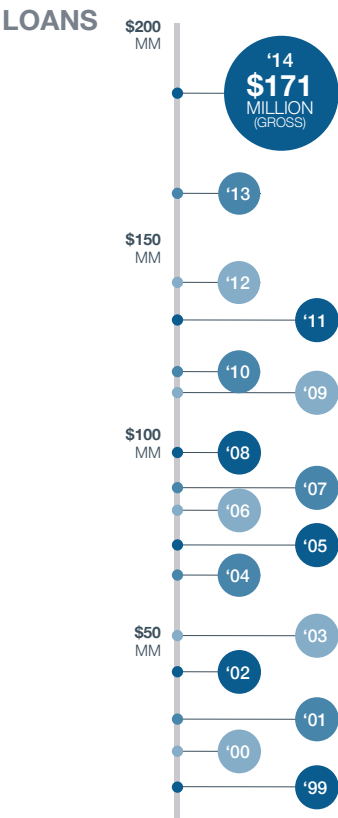
INSTITUTIONAL SHAREHOLDERS

Bank of America	M&T Bank
Calvert Social Investment Fund Balanced Portfolio	National Community Investment Fund
Capital One, FSB	PNC
CDFI Fund	RBC Wealth Management Services
CitiCorp	SBP Capital Corporation
City First Enterprises	SunTrust Bank, NA
Community Foundation of the National Capital Region	SunTrust Community Development Corporation
Cooperative Assistance Fund	US Department of the Treasury
Georgetown University	Wells Fargo Affordable Housing CDC
JPMorgan Chase Community Development Corporation	Wells Fargo Bank





FINANCIAL SNAPSHOT



CFBANC CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA

For the Years Ended/As of December 31,
2014 **2013**

(Dollars in thousands, except per share data)

Statement of Operations Data:

Interest income	\$10,511	\$9,487
Interest expense	574	617
Net interest income	9,937	8,870
Provision for credit losses	1,150	500
Net interest income after provision for credit losses	8,787	8,370
Noninterest income	3,364	5,948
Noninterest expense	9,198	8,809
Income before income taxes	2,953	5,509
Income tax expense	850	1,780
Net income	2,103	3,729
Less: Net income attributable to noncontrolling interest	635	1,150
Net income attributable to CFBanc Corporation and Subsidiaries	<u>\$1,468</u>	<u>\$2,579</u>

Per Common Share Data and Shares Outstanding:

Net income	\$0.73	\$1.32
Book value	14.73	13.98
Common stock outstanding at period end	1,864,313	1,864,213
Weighted average common shares outstanding during period	1,864,311	1,864,123

Balance Sheet Data:

Assets	\$240,987	\$213,752
Short-term investments	20,254	6,004
Investment securities	43,074	42,368
Loans, net	166,360	151,553
Deposits	191,114	170,923
Borrowings	13,865	8,183
CFBanc Corporation stockholders' equity	33,250	31,842
Noncontrolling interest	89	138

Performance Ratios:

Return on average assets	0.65%	1.16%
Return on average stockholders' equity	4.51%	8.39%
Net interest margin	4.66%	4.22%
Loans to deposits	89%	91%

Capital Ratios:

Tier 1 risk-based capital	17.55%	19.12%
Total risk-based capital	18.82%	20.39%
Leverage ratio	14.00%	14.31%

BAPTIST AWARDS

The Baptist Award was established in memory of our founding President and CEO, Debbi Hurd Baptist. Each year, City First honors partners who exemplify Debbi's commitment to improving the economic and social vitality of underserved communities, as well as promoting access to vital services to low wealth neighborhoods in the Washington area. For 2014, the Baptist Award recipient is Stan Jackson of the Anacostia Economic Development Corporation.

- | | | | |
|-------------|---|-------------|--|
| 2013 | Robert Pohlman, Coaliton for Non Profit Housing and Economic Development (CNHED)
Bob Moore, Development Corporation of Columbia Heights (Posthumous) | 2004 | Brightwood Manor Tenants Association
Booker T. Washington
Public Charter School for Technical Arts
Hemingway Memorial African Methodist Episcopal Church
Andre's Brushless Car Wash
Career Technical Institute, Inc. |
| 2012 | David O. Treadwell
KIPP DC | 2003 | Nextgen Construction and Renovation
Washington Math Science Technology Public Charter High School
Floyd Myers, Marshall Heights Community Development Organization |
| 2011 | N Street Village
Mi Casa | 2002 | Adrian Washington, Neighborhood Development Corporation
North Capitol Neighborhood Development, Inc.
Washington Area Community Investment Fund (WACIF)
One Economy and Columbia Heights/
Shaw Family Support Collaborative
Warren Brown, CakeLove |
| 2010 | DC Primary Care Association
Maria Gomez, Mary's Center for Maternal and Child Care | 2001 | Gregory Maison
Visions Cinema / Cafe / Lounge
Capital City Public Charter School
Hercules Pitts, HOP and Associates |
| 2009 | Bread for the City
Jobs for Homeless People
Oramenta Newsome, DC LISC | 2000 | Bethel Christian Fellowship Church
Venus Peterson/SkilledCare, Inc. |
| 2008 | Building Hope
Metropolitan Washington Bankers Group
Kelly Sweeney McShane | | |
| 2007 | The Cooperative Assistance Fund
Edward E. Furash
Sue Marshall | | |
| 2006 | Latin American Youth Center and the
Latin American Youth Build Public Charter School
Desa Sealy Ruffin | | |
| 2005 | SOME, Inc.
E. L. Haynes Public Charter School
Atlantic Street Baptist Church | | |



2014 WINNER



STAN JACKSON

Anacostia Economic Development Corporation (AEDC)

Since he was appointed President and CEO of the Anacostia Economic Development Corporation (AEDC) in 2012, Stan Jackson has been leading AEDC to fulfill its goal of improving the lives of DC residents. Under Stan's direction, AEDC has been working to revitalize the Anacostia and Far Southeast communities through such efforts as affordable housing, venture development, commercial revitalization, and job creation. Jackson has been critical to the evolution of community development throughout DC.

His lineage of service ranges from being Chief of Staff to the District of Columbia Government's CFO, Director of the DC Department of Housing and Community Development, Deputy Mayor for Planning and Economic Development, as well as the acting President of the University of the District of Columbia. Stan is a vital part of improving the quality of life in the lower-wealth communities of DC. We support and salute Stan as he continues to dream of better opportunities for these underserved areas, fighting tirelessly to make them a reality.

**CONGRATULATIONS STAN, WELL
DESERVED. WE APPRECIATE ALL
YOUR YEARS OF SERVICE AND
INVALUABLE KNOWLEDGE.**


City First Bank, Board of Directors





YOUR DEPOSITS AT WORK

ARCHITECTS OF HEALTHY COMMUNITIES



City First Bank of DC provides affordable financial products and services to small businesses, community service organizations, affordable housing developers, charter schools, and churches. With a legal lending limit over \$5 million, we create banking success for all of our borrowers. On average, 80% of the loans originated by City First each year are put to work in distressed and under-resourced communities. Our deposit customers make this critical lending work possible.

**“OUR MISSION BEGINS AND
ENDS WITH OUR COMMUNITIES”**

Brian E. Argrett, President & CEO of City First Bank

2014 IMPACT



\$82 Million

IN NEW LOANS, 25%
INCREASE OVER 2013



80%

IN AGGREGATE
TOWARD COMMUNITY
DEVELOPMENT LENDING

\$26 Million

IN NEW MARKETS TAX
CREDIT EQUITY DEPLOYED

\$108 Million

TOTAL INVESTED IN COMMUNITY
DEVELOPMENT PROJECTS



89%

LOAN TO
DEPOSIT RATIO



457 JOBS RETAINED
287 CREATED &
521 CONSTRUCTION JOBS

405 UNITS
OF AFFORDABLE
HOUSING



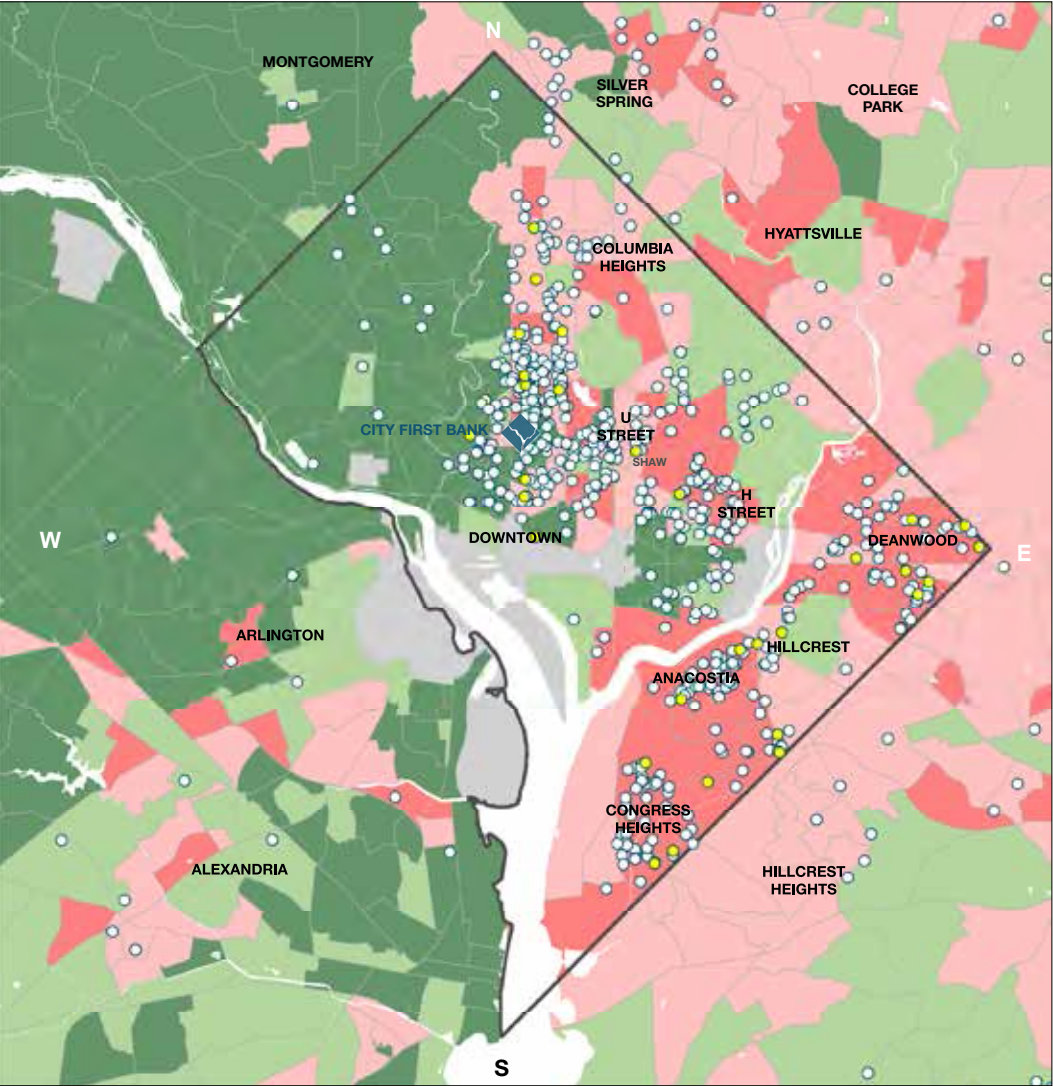
CUMULATIVELY CREATED
8,734 NEW
CHARTER SCHOOL SEATS



102,500
ADDITIONAL CLIENTS SERVED IN
COMMUNITY FACILITIES

CHANNELING
CAPITAL
WHERE IT'S
NEEDED MOST

MAPPING OUR MISSION



Census Tract Family Income Classification (FFIEC 2014)

- Low: <=50% of MSA MFI*
- Moderate: 50% - <80% of MSA MFI
- Middle: 80% - <120% of MSA MFI
- Upper: >=120% of MSA MFI
- Census Tract Not Classified

* MSA MFI: \$100,486

Loans Originated 1999-2014

- Loan Location (2014)
- Loan Location (Pre-2014)

80% OF OUR LOANS ARE MADE IN LOW-WEALTH COMMUNITIES IN AGGREGATE

As a certified Community Development Financial Institution (CDFI), City First is required to originate at least 60% of our loans in low-to-moderate income (LMI) census tracts. We are proud to report that historically, 80% of our loans are made in low-wealth communities.

City First Bank concentrates its lending activity in the Northeast and Southeast quadrants of the District of Columbia, and makes loans throughout the city, suburban jurisdictions, and other urban markets.

City First also has a regional reach spanning five states—funding projects from Virginia to Delaware utilizing the critically important New Markets Tax Credit financing tool.



GLOBAL
ALLIANCE
FOR BANKING
ON VALUES



CITY FIRST
BANK OF DC

cityfirstbank.com

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