



# City First – a different kind of bank



CITY FIRST  
BANK OF DC

[cityfirstbank.com](http://cityfirstbank.com)



## LETTER FROM CHAIRMAN OF THE BOARD AND PRESIDENT

It was 20 years ago that a group of community leaders first came together under the leadership of Director John Hamilton to find solutions to multiple economic problems endemic in low wealth communities here in Washington. Out of these early meetings came the commitment to establish a community development bank in Washington that would serve its low and moderate income communities and citizens.

An organizing group of community leaders, finance professionals and lawyers was formed to establish the new bank. In June 1998, the group commenced a private offering of shares, and thanks to their tenacity and vision, \$9.4 million was raised from public and private sources to capitalize the new bank. City First Bank of DC, chartered by the Office of the Comptroller of the Currency with a community development mission, opened for business in the fall of 1998. It was soon certified as a Community Development Financial Institution, or CDFI, by the United States Department of Treasury because of its highly focused lending in low and moderate income communities.

In the ensuing years, City First Bank of DC has continued its spirit of innovation and commitment to social and economic equity by marshaling the resources, tools and talents of a strong and well-managed commercial bank devoted to the needs of low and moderate income Washingtonians. It is consistently rated among the top five such institutions nationwide by the National Community Investment Fund for its community impact.

City First Bank of DC has financed nearly 5,000 units of affordable housing, created or retained over 3,400 jobs, and as a lender to charter schools financed over 7,000 new charter school seats. The bank has provided \$122 million in new loans in the past three years alone and \$388 million since opening its doors in 1998. The vast majority of our activity is here in the District, in far NE and SE neighborhoods east of the river, and communities east of 16th Street in NW.



To support our lending activities and to induce more private investments in neglected communities, in 2003 we began utilizing the New Markets Tax Credit Program (NMTC) to finance large-scale neighborhood transactions. Across five award cycles City First has received a total of \$370 million in tax credit authority to serve the needs of our community. Carving out a niche in facility financing, City First NMTC investments have attracted an additional \$300 million in outside financing, created over 4,500 construction jobs, 2,600 permanent jobs and retained approximately 1,000 existing jobs. We have financed projects primarily in Washington, but also in Maryland, Virginia, Delaware and Pennsylvania. Projects have included health centers such as Unity Parkside Health Center, Bread for the City and Mary's Center; the food storage and distribution center for the Capital Area Food Bank; a number of public charter schools including E.L. Haynes, KIPP DC/Shaw Campus and Washington Latin; and multi-faceted community facilities such as Tivoli Square, THEARC, Central Union Mission, Anthony Bowen YMCA and the Atlas Performing Arts Center. Within the District alone, we have financed or are currently closing facility projects totaling nearly \$290 million.

We are extremely proud of our continued mission impact. We also are proud that for the past six years, through one of the most challenging recessions in the history of America, City First has been consistently and increasingly profitable. Performance was particularly strong in 2012; in fact, 2012 was a record year for the Bank on multiple fronts. The bank originated nearly \$57 million in new loans, a 19% increase from 2011, and earned \$1.8 million after taxes of \$1.2 million. Along with increased loans, we experienced growth in our deposits – ending the year with \$183 million in deposits, a 43% increase over 2011. In 2012, the bank financed 236 affordable housing units, helped to increase the capacity of facilities to serve an additional 29,000 clients annually, provided loans that allowed companies to retain 428 jobs and create an additional 157 jobs, and financed over 600,000 square feet of commercial space. With a loan to deposit ratio of 78%, your investment and deposit funding have been put to good use serving the commercial and nonprofit sectors of our city and region.

In 2012, we were also delighted to have received our fifth award of NMTC authority and have begun deploying it for projects such as the Washington Latin Public Charter School and the Unity Parkside Health Center. Our 2012 NMTC investments totaled \$39.5 million and attracted

an additional \$43 million in project financing, grew capacity for borrowers to serve an additional 17,000 clients annually, and financed 172,000 square feet of facility space.

Our work last year was further recognized through a Bank Enterprise Award of \$415,000 from the CDFI Fund, based on our commercial lending in highly distressed neighborhoods in the District. The grant funds will be used to expand our commercial lending in targeted high distress communities, such as in Ward 8, which over the past three years accounted for 40% of our lending activity.

City First Bank has fulfilled, and in many ways exceeded, the original hopes and plans of those founding members who first met in 1993. But much work still remains. In many respects, the challenges before us and our communities have only increased.

City First Bank, along with City First Enterprises and other affiliates have become a vital part of financing the institutions and activities that support and strengthen low wealth communities in Washington. As we commemorate the 15th anniversary of City First Bank and celebrate the 20th anniversary of its roots, you are invited to share in the celebration. Please join with us and become part of our inaugural 2013

Finance Summit to be held on November 7th at the Omni Shoreham Hotel as we continue to build on and expand that foundation.

We hope you enjoy reading more in the pages that follow about the progress we have made as an institution, and the resultant difference we make each day in our community. The commitment and support of our depositors, borrowers, investors and staff have precipitated this impact and we look forward with great appreciation to continuing this collaboration. It is with equal enthusiasm that we invite those of you who may be new to City First to join us.

Please feel free to reach out to anyone on our outstanding staff, leadership team or board. We welcome the opportunity to partner with and serve you.

With great appreciation,



Chuck Muckenfuss  
Chairman of the Board



Brian E. Argrett  
President and CEO





# Catalytic Impact

# 2012 THE NUMBERS TELL THE STORY



## \$57 MILLION IN NEW LOANS ORIGINATED

in 2012, a 19% increase over 2011, and earned \$1.8 million after taxes of \$1.2 million.

## 78% IS OUR LOAN TO DEPOSIT RATIO



This means your investment and deposit funding have been put to good use serving the commercial and nonprofit sectors of our city and region.

## 29,000 ADDITIONAL CLIENTS ARE NOW BEING SERVED

Our loans helped to increase the capacity of facilities that will now be able to serve an additional 29,000 clients annually.



The vast majority of our activity is in the District,

in far **NE AND SE** neighborhoods east of the river, and communities east of 16th Street in NW.

## 428 JOBS WERE RETAINED AND 157 CREATED.

## The bank financed **236 UNITS OF AFFORDABLE HOUSING.**

## Ending the year with **\$183M** **IN DEPOSITS,** **A 43%** **INCREASE OVER 2011.**

## City First financed **600,000** **SQ. FT. OF** **COMMERCIAL SPACE.**

## Lending to charter schools has resulted in **7,000 NEW** **CHARTER SCHOOL** **SEATS** since 1993.

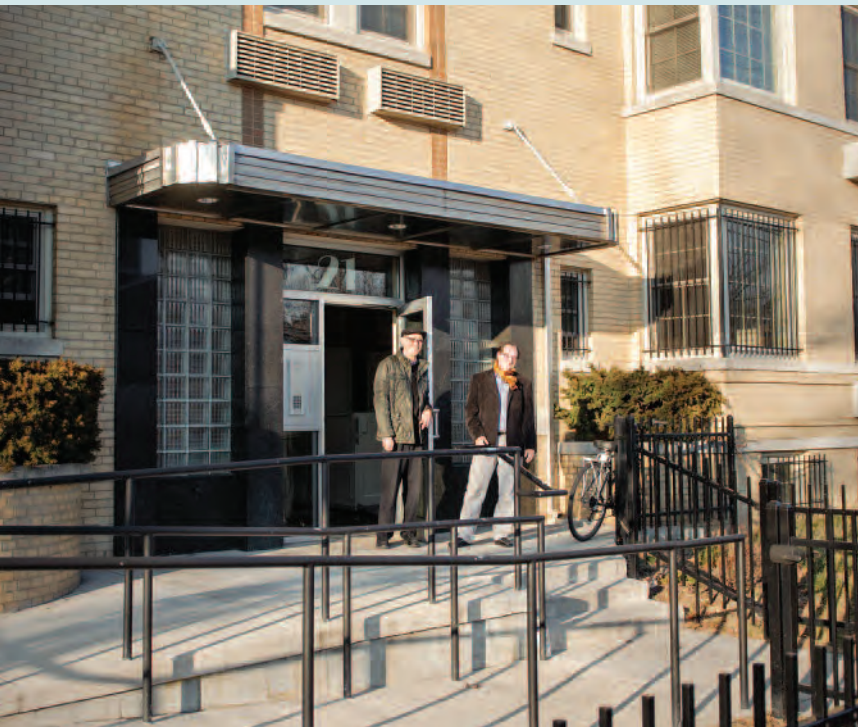
“Small businesses, affordable housing, schools and community facilities play a catalytic role in stabilizing and building low wealth neighborhoods.”



## BUILDING OUR PORTFOLIO AND EXPERTISE IN COMMERCIAL FINANCE

City First is unique...we are a regulated bank – but with a mission to serve communities that lack adequate resources and access to capital. We offer traditional commercial loans and other banking products, as well as flexible products that reduce the costs of borrowing. We are dedicated to building up low income communities and promoting our community development mission by:

- ◆ Targeting our lending to developing affordable housing including acquisition, construction and renovation financing for rental and for sale housing.
- ◆ Offering a full range of banking services and financing to small businesses, including startups that help to generate jobs and provide consumer goods and services in low income communities.
- ◆ Providing banking services to nonprofit organizations to support the development of new facilities such as charter schools and health clinics, and providing loans to support operations and ensure sufficient cash flow for operations.



Selma Apartments



Unity Parkside Health Center

Unlike most banks that are privately owned by shareholders whose primary motivation is profit, City First shareholders are like minded social investors who expect business proceeds to be reinvested in the company. So instead of dividends, we invest our earnings into the bank to ensure that we continue to have sufficient funds to support loan demand. Our major shareholder is a non-profit organization, City First Enterprises, or CFE. Through our affiliation with CFE, City First Bank is able to offer creative financing such as recoverable grants, no-interest loans and loans with very favorable terms and conditions. This flexibility means that we can make loans with alternatives to customary owner equity and we can modify our risk tolerance and financing structure based on a variety of nontraditional funding sources.



While many parts of Washington – such as Petworth, Columbia Heights, U Street/14th Street – are experiencing an explosion in commercial and real estate development, many neighborhoods east of the Anacostia River are growing at a much slower rate. City First is working to expand access to capital in communities such as Congress Heights and Anacostia and has partnered with investors targeting underserved markets. One such investor, Washington Business Group, WBG, believes in corporate social responsibility and understands the role of small companies in hiring local workers, supporting small local and disadvantaged companies and investing in underserved markets.

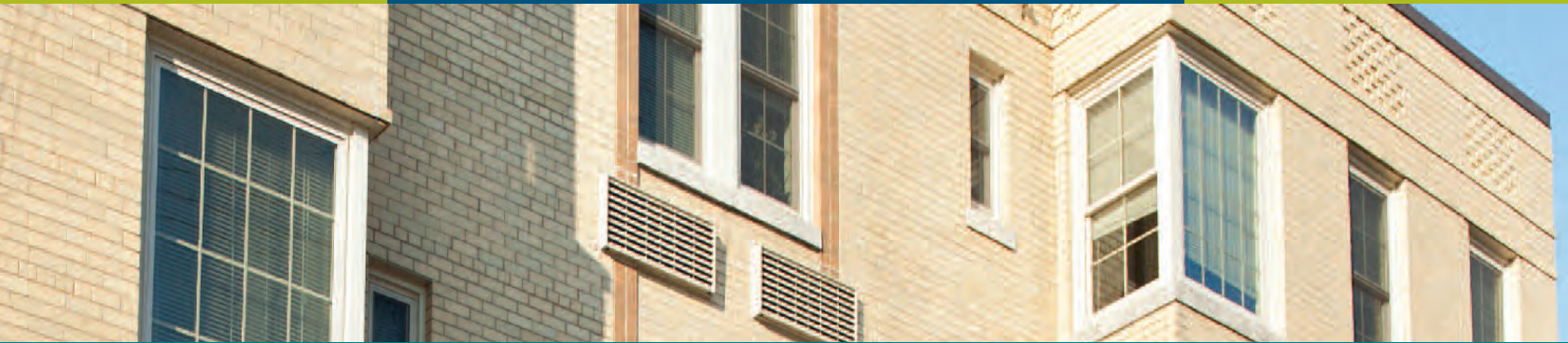
When the company moved to offices on Martin Luther King Jr. Avenue from northern Virginia, WBG began to actively seek more opportunities in Ward 8. City First provided \$1.1 million to the company to purchase and renovate a 10,792 square foot partially vacant and deteriorated commercial shopping strip on Wheeler Road. We also provided \$600,000 in financing for WBG to purchase an office property on Martin Luther King Jr. Avenue which is now leased to Opportunities Industrialization Center of DC, Inc.

# COMMERCIAL REAL ESTATE



Wheeler Road Shopping Center





City First provides financing necessary to purchase a building, undertake major and minor renovations or finance new construction. Our mission of building low wealth communities includes ensuring that housing remains affordable, a mission that has become increasingly more difficult due to the housing slump of recent years. We specialize in making loans to both for profit and non-profit developers of affordable rental or for-sale housing, as well as tenant sponsored cooperative conversions. One of those loans this year was to 2nd Street Partners, a joint venture between two small avant-garde companies, Dantes Partners and The Menkiti Group.

# AFFORDABLE HOUSING

Our loan of \$4.1 million financed the acquisition and construction of a 37 unit apartment building on Second Street NE. In addition, our affiliate, City First Homes, provided a second loan of \$900,000 under nontraditional and concessionary terms and conditions. The property was awarded through a competitive bid from the DC government under the condition that 11 of the 37 units would be set aside for rent or purchase by families earning at or below 60 percent of the area median income. The building had been vacant for more than 20 years, creating an eyesore and unsafe conditions in the neighborhood. The City First loan returned the property to the viable housing stock and provided 37 new homes – 11 for low income families and the balance priced for moderate income families. In addition the renovation of the building created 15 new construction jobs.

As a nonprofit affordable housing developer, Mi Casa has been a City First customer for over 6 years. Mi Casa was founded in 1992 to promote affordable homeownership and balanced, healthy neighborhoods. Since its founding, the organization has revitalized 406 units of affordable for sale and rental housing, preserved and renovated 82,000 square feet of community facility space and provided capacity building for minority contractors.

In 2012 City First originated a \$1.3 million loan to Mi Casa to purchase 20 units in a 22 unit condominium building on Kennedy Street NW. The DC Department of Housing and Community Development also provided secondary financing of \$1.5 million at concessionary rates to insure the affordability of the units. Since the tenant sponsored cooperative was able to sell only two of the units, the building had been unable to operate profitably. All 20 of the units purchased by Mi Casa will be offered at below market rental rates, thus preserving affordable housing in a neighborhood with strong upward pressure on housing costs and at risk for gentrification. When market economics permit it, the rental units will be sold to low and moderate income buyers.







Second Street Affordable Housing



Third Street NW Cooperative



Although real estate related lending accounts for the majority of our financing, City First also makes traditional commercial loans to small businesses. We offer lines of credit for working capital and business operations; term loans for inventory or equipment; real estate loans for leasehold improvements; and commercial mortgages to purchase, construct or rehabilitate real estate. Small businesses play a critical role in stabilizing and building low wealth neighborhoods – they create jobs, provide goods and services to local residents, and often represent long-term customer relationships with the bank as they expand and grow.

One example of business expansion made possible by City First Bank is our financing of two Denny's restaurants in Washington. City First financed improvements to the original Denny's location on Benning Road in Ward 7 in 2008. The restaurant is one of the highest grossing in the Denny's system and employs 65 full time and part time employees. At the time, the restaurant was the only sit-down restaurant serving Ward 7, a community that still lacks many customary consumer goods and services. In 2012, City First originated a loan of \$750,000 for the construction and build-out of a second Denny's Restaurant location on Bladensburg Road NE. It is located in a distressed community with few amenities and retail outlets. The new 4,700-square-foot restaurant seats 160 patrons and created 50 new jobs. City First was able to originate the loan under favorable terms and conditions using a SBA guarantee.



Denny's Restaurant

## FINANCING SMALL BUSINESSES







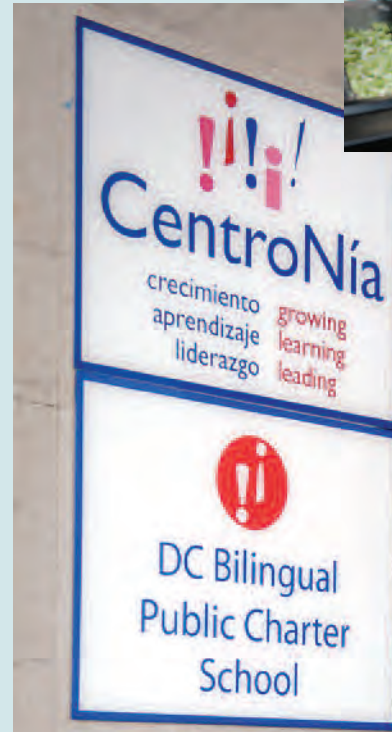
The recession has impacted many small businesses, and to survive, they have had to re-organize and sometimes shrink to maximize efficiency. One such company, JKM Music Group, came to City First for a line of credit as it was re-structuring its ownership and operations. Our \$250,000 loan allowed JKM to even out its cash flows in spite of the cyclical nature of its business. Jordan Kitt's Music, as they are locally known, was previously headquartered in College Park, Maryland, but under its new ownership, is now based in Rockville. Our financing allowed Jordan Kitt's to retain its 50 full time and part time employees. We are proud that Jordan Kitt's Music, a century-old Washington DC institution founded in 1912, will continue with the financing provided by City First Bank.



# NONPROFITS AND COMMUNITY FACILITIES

City First also finances nonprofit organizations, targeting those that offer counseling, education and job training, child care and health care services. City First is proud of its long association with CentroNia. Originally established as the Calvary Bilingual Multicultural Center, CentroNia was started in 1986 to provide childcare services to the growing Latino community in the DC region. Since then, CentroNia has become a comprehensive family support organization that serves children of all ages and their families. It has a diverse client base of immigrants from the Caribbean countries, Africa and other nations, reflective of the growing diversity of the Columbia Heights community it serves. CentroNia has been recognized for its leadership in the development of a community-based, integrated service model from national and local funders such as the Freddie Mac Foundation, National Council of La Raza, Kellogg Foundation, Annie E. Casey Foundation and Venture Philanthropy Partners. CentroNia has a very broad funding base, including fee for service contracts that typically involve a lag in payments. To support their operations and to secure the employment of their current workforce of 35 jobs, City First provided a \$300,000 line of credit to support cash flow of the organization.

Similarly, we supported the operations of the Columbia Heights/Shaw Family Collaborative with a \$200,000 line of credit. Our financing helped to stabilize the organization and retain its 42 existing jobs. The Collaborative, which has operated for nearly 20 years, is a mission-oriented organization that supports healthy families by offering to direct service providers, community capacity building



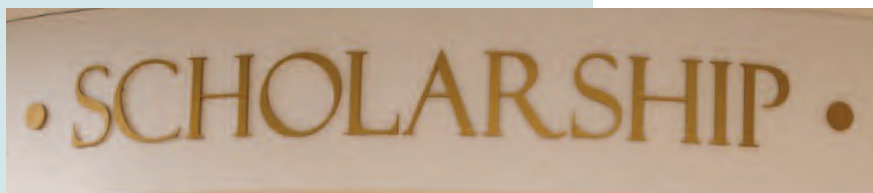
CentroNia





and advocacy efforts. Among the services offered are technical assistance, such as fundraising and board development, training and collaboration building. The Collaborative is supported by grants and fees for service contracts with the Child and Family Services Administration, the Community Foundation of the National Capital Region, Office of Justice and Juvenile Department, Project Safe Neighborhoods and the Office of Latino Affairs.

For many years, City First has partnered with the Charter School Incubator Initiative (CSII) to help growing charter schools to locate and finance appropriate space for their educational operations. CSII is a subsidiary of Building Hope, both nonprofit organizations, with the mission of supporting the growth and development of the charter school industry. CSII develops transitional or incubator facilities to house charter schools during their first five years of operation. Building Hope currently manages six such facilities around the city, and continues to develop new sites that are made available to schools at below market price on a revolving basis. Such facilities provide schools with affordable space while they stabilize their operations, secure and grow their student enrollment and search for a permanent location. Often an incubator facility is shared by two schools thus offering economies of scale in building and school operations. This year, City First loaned \$2.5 million to CSII to finance the renovations at the Patricia Roberts Harris School on Livingston Road SE. The building is 50,000 square feet and has two charter schools, National Collegiate Preparatory Academy and Ingenuity Preparatory. Both schools are currently operating in startup space and are scheduled to occupy the new facility in the fall of 2013. The combined enrollment for the schools is 408 low income students.



National Collegiate Preparatory Academy



## ESTABLISHING THE CITY FIRST NMTC PROGRAM AS AN INDUSTRY LEADER

City First New Markets Fund II, LLC, an affiliate of City First Bank, is a five-time awardee of New Markets Tax Credit (NMTC) authority. We received our latest tax credit award of

\$70 million in February 2012 which brought total authority to \$370 million. As of December 31, 2012, our NMTC portfolio stands at \$230 million in assets under management.

Although we have a balanced portfolio, City First primarily finances owned occupied facilities such as performing arts centers, health clinics and charter schools. City First has become the premier NMTC facility lender in the region. In Washington DC alone, we have financed 12 facilities with aggregate loans of \$215.7 million. Among the projects we have financed are E.L. Haynes Public Charter School – Georgia Avenue campus; KIPP DC Public Charter School - Shaw Campus; Mary's Center - Georgia Avenue and Ontario Road sites; Bread for the City - 7th Street location; The Atlas Performing Arts Center; Tivoli Square; and the new warehouse and distribution center for the Capital Area Food Bank. City First is slated to close financing in 2013 on three additional DC facilities - Washington Latin Public Charter School, Anthony Bowen YMCA and Central Union Mission.

In 2012, two major facilities were financed, \$24.5 million for the newly constructed Unity Parkside Health Clinic and \$15 million invested in the East Baltimore Community School.



## UNITY PARKSIDE HEALTH CLINIC

City First again collaborated with the DC Primary Care Association and Unity Health Care to finance a new comprehensive community health clinic in the Parkside neighborhood of Ward 7. Located at the intersection of Hayes Street and Kenilworth Terrace, the 42,000 square foot facility will open in late 2013 and is projected to serve 48,000 unique patients each year. The new Unity Parkside Health Clinic will replace an aging and deteriorated clinic now serving the community. The facility will provide a full range of adult and pediatric services including primary care, walk-in clinic services, obstetrics and gynecology; pediatric medicine; infectious disease care including HIV/AIDS; specialty services such as ophthalmology and optometry, podiatry and dental care; behavioral medicine; and social services. In addition, the new facility will house a pharmacy,

medical laboratory, Women and Infant Children (WIC) programs, and two levels of underground parking. This project, at \$24.5 million, is the largest NMTC investment made by City First. In addition to the DC Primary Care Association, City First partnered with USBanc Corporation Community Development Corporation (USBCDC), which provided a substantial equity investment to finance the development. The DC Department of Health provided grant funding to support the construction of the project through its affiliation with the DC Primary Care Association.

Upon completion, the Unity Parkside clinic will create 50 new permanent jobs and support 33 jobs that will be retained from the current Hayes Street facility. It is estimated that 312 new construction jobs will be created.







# KNOW YOUR DIRECTION

## EVALUATE:

Tells you to present both the positive and negative characteristics of something.

## Define:

Tells you to explain the meaning of something in a brief, specific manner.

## Diagram:

Tells you to illustrate something by drawing a picture of it and labeling its parts.

## ANALYZE:

Tells you to break something down into its parts and show how the parts relate to each other to make the whole.

## DESCRIBE:

Tells you to present a detailed picture of something in words to include important characteristics and qualities.

## CONTRAST:

Tells you to show how two or more things are different.

## SUMMARIZE:

Tells you to present the main points about something in a brief form.

## PREDICT:

Tells you to guess, what will happen next, what are the possibilities.

## TRACE:

Tells you to present the order in which something has occurred.

## COMPARE:

Tells you to show how two or more things are BOTH similar & different.

## Justify:

Tells you to provide reasons and facts in support of something.

## Outline:

Tells you to present the most important information about something in a carefully organized manner.

## SUPPORT:

give reason, say why, list examples, give some facts, prove it.

## Explain:

Tells you to provide facts and reasons to make something clear and understandable.

## EAST BALTIMORE COMMUNITY SCHOOL CAMPUS

City First also financed the first new educational facility developed in the East Baltimore community in many decades: the East Baltimore Community School Campus. USBCDC was also the investor for this project. We teamed with two non-bank CDFIs, The Reinvestment Fund and Nonprofit Finance Fund, to provide the full \$35 million in NMTC financing for this massive school project. The multi-layered financing included critical grant and charitable contributions made by the State of Maryland and City of Baltimore, Johns Hopkins University and the Harry and Jeanette Weinberg Foundation. The East Baltimore Community School, the result of a unique collaboration with Johns Hopkins University, Morgan State University and East Baltimore Development Inc., will serve as a key component of an ambitious public private partnership to revitalize an 88 acre parcel in East Baltimore.

The campus consists of three components – a 103,000 square foot school that will serve approximately 540 children from pre-kindergarten through the ninth grade, a 30,000 square foot Early Learning Center serving 220 children younger than pre-K and a separate Shared Learning Facility that will be maintained by the school, but owned and operated by the community. Although the school is currently operating in temporary space, it will expand to serve 714 students once the construction is complete.

In a new venture, the school will be operated by a team of professionals from Johns Hopkins University School of Education and Morgan State University. The unique charter will allow the East Baltimore Community School to operate with autonomy and independence comparable to a charter school.

It is anticipated that the project will create an additional 79 new jobs, the majority for local residents, support 23 existing jobs and 161 temporary construction jobs will be created over the approximately 18-month construction period.









## 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 2012, the Baptist Award recipients are David O. Treadwell and KIPP DC.



### 2011

N Street Village  
Mi Casa

### 2010

DC Primary Care Association  
Maria Gomez, President and CEO of Mary's Center  
for Maternal and Child Care

### 2009

Bread for the City  
Jobs for Homeless People  
Oramenta Newsome, Director, DC LISC

### 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  
YouthBuild Public Charter School  
Desa Sealy Ruffin

### 2005

SOME, Inc.  
E. L. Haynes Public Charter School  
Atlantic Street Baptist Church

### 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.

### 2003

Nextgen Construction and Renovation  
Washington Math Science Technology Public Charter  
High School  
Floyd Myers, Marshall Heights Community  
Development Organization

### 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

### 2001

Gregory Maison  
Visions Cinema / Cafe / Lounge  
Capital City Public Charter School  
Hercules Pitts, HOP and Associates

### 2000

Bethel Christian Fellowship Church  
Venus Peterson/SkilledCare, Inc.



## 2012 WINNERS

### DAVID O. TREADWELL

Lieutenant Colonel David O. Treadwell, U.S. Army (Retired), serves as Executive Director of the Central Union Mission. He joined the organization in 1998 after civilian service and a distinguished career in the Army. His military service included two tours in Vietnam, for which he earned the Silver Star, two awards of the Legion of Merit, two awards of the Bronze Star and the Combat Infantryman's Badge. Prior to joining Central Union Mission, he worked for Advocates International as Executive Vice President and he also served as the Director of Administration for the Christian Legal Society, a national membership organization that promotes religious freedom. David is past Chair and Mideast District President of the Association of Gospel Rescue Missions. He is the former Chair of the Elders at Immanuel Bible Church in Springfield, Virginia, and a member of the Advisory Board of Fellowship of Christian Athletes. He also chaired the Ministry to Disabled Persons for Promise Keepers in DC, served on the board of Oakseed Ministries and Project Bridges, chaired the Board of Assist Pregnancy Center, was the founding treasurer of Christian Service Charities and is an active Rotarian.

Central Union Mission, which was established in 1884, is the oldest social service agency serving Washington, DC. The organization began serving homeless and indigent Civil War veterans and has expanded its services to include an emergency overnight shelter for men and an 18 month comprehensive residential rehabilitation program that includes spiritual and substance abuse counseling as well as job training. Central Union Mission also offers programs to support poor families and children: food, clothing and furniture distribution; programs specifically for seniors and the Latino community; residential recreation and spiritual services at Camp Bennett for children; and various training and educational services. Central Union Mission has earned the 4-star rating, the top grade, for sound fiscal management and commitment to accountability and transparency from Charity Navigator, the premier charity evaluation company.

### KIPP DC

Since 2001, KIPP DC has been providing a high-quality education to students from underserved communities in Washington, DC. What began with one class of fifth grade students in an Anacostia church basement has grown to a network of 10 high-performing public, college-preparatory charter schools with an outstanding record of achievement. With its formula of hard work, outstanding teachers, extended school time, a rigorous college-preparatory curriculum, and a strong culture of achievement and support, KIPP DC students make significant academic gains and continue to excel in high school and college.

Each KIPP DC campus includes an early childhood school, elementary school, and middle school, while one campus also features a high school. Working with students from Pre K-third grade through eighth or 12th grade and providing a consistent culture of support and high expectations are critical ingredients for helping KIPP DC eliminate

the achievement gap that exists in Washington. KIPP DC currently reaches over 3,000 students on three campuses in the Marshall Heights, Anacostia, and Shaw neighborhoods. In the next two years, KIPP DC will open three new schools on a new campus in the Trinidad neighborhood in Northeast. KIPP has achieved an outstanding academic track record – KIPP graduates have a 93 percent high school graduation rate and a 77 percent college matriculation rate.



KIPP DC Public Charter School, Shaw Campus





Thurgood Marshall Academy  
Public Charter School



Humanim



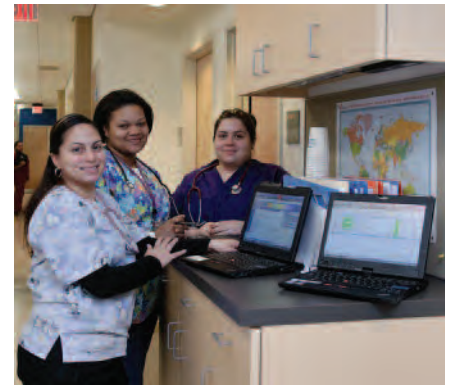
THEARC



Bread for the City



Capital Area Foodbank



Mary's Center for Maternal Child Care



KIPP DC Public Charter School  
Shaw Campus



E.L. Haynes Public Charter School



DC Prep Public Charter School

## LEADERSHIP TEAM

### BOARD OF DIRECTORS

Cantwell “Chuck” Muckenfuss III, Chairman of the Board, Partner, Gibson, Dunn & Crutcher, LLP  
 David McGrady, Vice Chairman of the Board  
 Brian E. Argrett, President and CEO, City First Bank, CFBanc Corporation, City First Foundation  
 John M. Hamilton, President, City First Enterprises  
 Leonade D. Jones, Director, American Funds Mutual Funds  
 Thomas F. Kelley, Group EVP, Commercial Real Estate, SunTrust Bank (Retired)  
 William Longbrake, Executive in Residence, School of Business, University of Maryland  
 Kathy J. McKinless, CPA  
 Obiora “Bo” Menkiti, President and CEO, The Menkiti Group  
 Hassan Minor Jr., Senior Vice President, Howard University (Retired)  
 Robert A. Peck, SE Region Director of Consulting, Gensler  
 Ellen Seidman, Visiting Scholar, Federal Reserve Bank of San Francisco  
 Kristi Cunningham Whitfield, Co-Owner, Curbside Cupcakes

### EXECUTIVE OFFICERS

Brian E. Argrett, President and CEO  
 Marie Mann Bibbs, Executive Vice President, Director, NMTC  
 William L. Frazier, Executive Vice President, CLO (as of 2013)  
 Kimberly J. Levine, Executive Vice President, CFO, COO

### NMTC ADVISORY BOARD

Freddie Lewis Archer, President and CEO, Lewis Real Estate Services  
 Karen Kollias, Loan Fund Director, NCALL Research  
 Kevin McQueen, Partner, Brody Weiser and Burns  
 Henry Posko, President and CEO, Humanim  
 Michael Tierney, Executive Vice President and Chief Operating Officer, LISC (Retired)

### SHAREHOLDERS

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



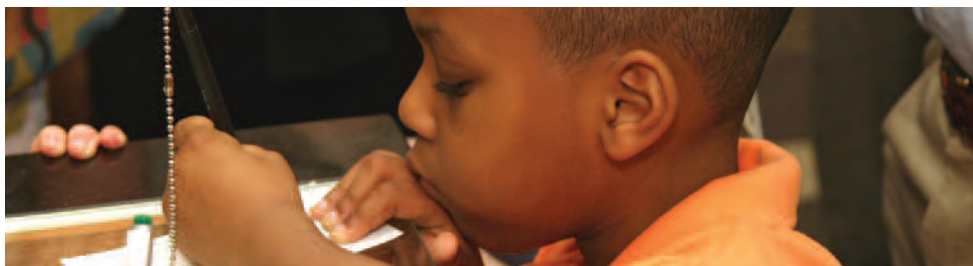
# FINANCIALS:

## CFBANC CORPORATION & SUBSIDIARIES

### Comparative Consolidated Statements of Income (Loss) And Other Key Data

	Years ended December 31,	
	2012	2011
<b>INCOME STATEMENT DATA:</b>		
(\$ in thousands, except per share data)		
Interest income	\$ 8,758	\$ 7,988
Interest expense	630	685
Net interest income	8,128	7,303
Provision for credit losses	625	1,498
Net interest income after provision for credit losses	7,503	5,805
Noninterest income	3,582	2,911
Noninterest expense	8,011	7,284
Income (loss) before income taxes	3,074	1,432
Income taxes benefit (expense)	(1,247)	(576)
<b>Net income (loss)</b>	<b>\$ 1,827</b>	<b>\$ 856</b>
<b>COMMON SHARE DATA:</b>		
Net income	\$ 0.92	\$ 0.40
Book value	12.93	11.95
Common stock outstanding at end of period	1,864,113	1,864,113
Weighted average Common shares outstanding during period	1,864,113	1,864,016
<b>BANK PERFORMANCE DATA:</b>		
Return on average total assets	0.91%	0.53%
Return on average total equity	6.30%	3.08%
Net interest income as a % of average assets	4.03%	4.51%
Loans to deposits	78%	100%
<b>BANK CAPITAL RATIOS:</b>		
Tier 1 risk-based capital	17.87%	19.69%
Total risk-based capital	19.14%	20.96%
Tier 1 leverage	12.59%	16.55%





## Comparative Consolidated Balance Sheets

	Years ended December 31,	
	2012	2011
<b>BALANCE SHEET DATA:</b>		
(\$ in thousands, except per share data)		
<b>Assets:</b>		
Cash & due from banks	\$ 3,815	\$ 2,069
Short-term Investments	28,249	6,497
Investment Securities	46,460	27,500
Loans, net	138,590	123,467
Other Assets	8,719	9,491
<b>Total Assets</b>	<b>\$ 225,833</b>	<b>\$ 169,024</b>
<b>Liabilities:</b>		
Deposits:		
Non-interest bearing demand	\$ 25,534	\$ 20,555
NOW	51,129	18,248
Money Market & Savings	43,910	36,367
Time, \$100,000 or more	21,776	9,210
Other time	40,297	43,028
Total Deposits	182,646	127,408
Borrowings	11,342	11,590
Other Liabilities	1,964	1,966
Total Liabilities	195,952	140,964
Stockholder's Equity	29,881	28,060
<b>Total Liabilities &amp; Stockholder's Equity</b>	<b>\$ 225,833</b>	<b>\$ 169,024</b>

## Loan Portfolio Composition

	At December 31,	
	2012	2011
	(In thousands)	
Commercial business	\$ 18,965	\$ 24,548
Real Estate:		
Commercial mortgage	108,494	96,757
Construction and land development	16,154	7,259
Installment loans to individuals	7	19
Total Gross Loans	143,620	128,583
Less: net deferred loan fees	(732)	(620)
Total Loans, net of deferred fees	142,888	127,963
Less: Allowance for credit losses	(4,298)	(4,496)
Loans, net	\$ 138,590	\$ 123,467



CITY FIRST BANK OF DC

A photograph of the City First Bank of DC building, a red brick structure with a white sign that reads "CITY FIRST BANK". The sign features a logo on the left, which is a blue diamond shape with a white outline of the District of Columbia. The building has several windows and a tree is visible on the right side. A "TOW-AWAY NO STANDING OR PARKING ANYTIME" sign is visible on the left side of the building.

 CITY FIRST BANK

# City First – a different kind of bank

For more information, visit  
[cityfirstbank.com](http://cityfirstbank.com)

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