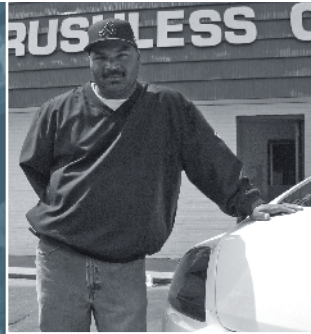


# Making Markets Work for People Through Collaboration



## City First Bank of DC

2004 ANNUAL REPORT



CITY FIRST  
BANK OF DC

*Building Community Strength*

## Our Vision

*To make markets work for people.*

City First is a financial institution that supports and develops healthy communities. City First helps shape and make markets work on behalf of people, especially in underserved communities, by providing them financial services, credit, capital and expertise.

## Our Mission

*To promote investment in and strengthen under-served communities in Washington, D.C. by:*

- Providing our customers with the absolutely best services and expertise, and the most effective products to meet their goals;
- Creating a work environment that attracts high-quality, high-performance people to challenging, creative and rewarding work;
- Building an institution that investors and supporters proudly view as the premier financier of community development in our target markets.



## Message from the Chairman and the President

Our Annual Report always features our customers. This year, we also wanted to highlight connections that sometimes escape notice: the story behind the story. So often, the best examples of community economic development occur through collaboration and partnership. As you read about each customer's achievements, notice the many parties contributing to each project.

City First marked 2004 with several significant financial highlights:

- Originated \$48,356,827 in loans;
- Financed 676 new affordable housing units;
- Created or retained 365 new jobs; and
- Earned \$1,281,249 at a 1.59% return on average assets.

In 2004, City First surpassed \$100 million in total assets and turned a profit on our core banking business. The Bank also introduced new deposit products, including internet banking and debit cards. We continue to expand our lines of business in financing affordable housing, community facilities and small businesses. The Bank also introduced new deposit products, including internet banking and debit cards.

2004 also brought good news with the closing of our first New Markets Tax Credit transaction, the Tivoli Square Project. This historic 1922 theater was dark for nearly 20 years. The new Tivoli Square includes the Gala Theater, a major grocery store, commercial offices and local retailers. City First is proud to have assembled the partners that together provided permanent financing for this landmark project.

Finally, with the passing of Lloyd D. Smith on June 15, City First lost a founder and friend. Lloyd was among the group of concerned citizens who met in a church basement in 1993 to discuss building a community development bank for DC and who worked for six years to launch the bank. He was our first Chairman of the Board when we opened our doors in 1999. Lloyd's contributions are forever a part of City First. We will always remember him with admiration, gratitude and affection.

In 2005, we look forward to serving you from our new headquarters at 1432 U Street, N.W. Please come by and visit us hard at work for Washington, DC's neighborhoods.

Marshall Purnell  
Chairman

Clifton G. Kellogg  
President & CEO

*"We work hard to turn the challenge of each site into an opportunity for our clients and an asset for the community." – Charles Rinker, Rinker & Associates*

## Lending strength...

City First Bank is agile, experienced and market-savvy. Because we know what works, we lend to customers with great ideas who often don't fit the conventional bank profile. We know how to enlist collaborators and to work with our borrowers' partners. City First has special expertise in the following sectors:

### ■ Renovators of small multi-family buildings

The City First Team knows the ins and outs of real estate renovation. Helping small developers buy, fix up and hold small apartment buildings is critical to Housing in low-income, moderate-income, and transition neighborhoods. These transactions are often too small and varied to justify the interest of other banks, and yet this affordable housing is critical to neighborhood reinvestment.

### ■ Vibrant community organizations

These institutions are the powerhouses that spark community development. Facilities financing is often essential to their financial stability and to the stability and to that of their communities, too.

### ■ Small business entrepreneurs

Understanding small business calls for special expertise. City First responds because we know the role of small business in the development and stabilization of communities. We think outside the box in structuring loans, and play the role of advisor, critic and cheerleader during the life of the loan, so that every customer can reach his or her full potential.



## Helping tenants become owners

With a construction loan from City First and participation from the Unitarian Universalist Affordable Housing Corporation and the McAuley Institute, the newly formed Brightwood Manor Tenants Association set about converting their 39-unit apartment building into 36 affordable condominium homes. Rinker & Associates provided development and financial guidance and organized

the transition. City First brought in the Harrison Institute at Georgetown University to draft the condominium documents. Housing Counseling Services helped tenants pre-qualify for home ownership. With the help of all these partners, nineteen tenants are proud condominium owners, six elderly tenants remain as renters, and ten units were sold to outside buyers.

**Brightwood Manor**  
939 Longfellow Street, NW  
Washington, DC 20011

*Pictured left to right: Godwin Agba, City First Bank; Mark Knight, Unitarian Universalist Affordable Housing Corporation; James Frink, President, Brightwood Manor Condominium Association; Joanne Robinson, Brightwood Manor resident; Robert Simon, DC Department of Housing and Community Development; Joe Timer, City First Bank; Charles Rinker, President, Rinker & Associates.*



350-360 50th Street, SE  
Washington, DC 20019

*Pictured left to right:*  
Steve Kinner, Sr. Managing  
Director, Promontory  
Interfinancial;  
Alcindor Rosier, Associate  
Treasurer, Government of  
the District of Columbia;  
Jair Lynch, President, Jair Lynch  
Companies;  
Not pictured: Dave Ryder,  
Sr. VP, Wachovia Bank.

*"We select projects responsive to community needs and implement them in respectful and inclusive ways. We are happy to work with a bank like City First, whose commitment to quality and diversity matches ours." – Jair Lynch, President*

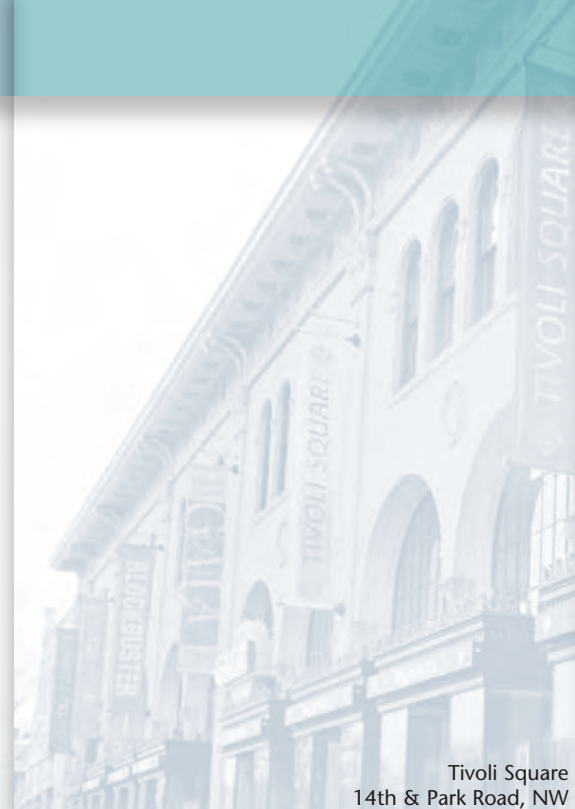
## *Channeling depositors' funds into affordable housing*

After his Olympic gymnastic career, Jair Lynch launched the Jair Lynch Companies to focus on construction management and development of community projects in Washington, DC neighborhoods.

JLC came to City First to finance Phase I of the gut renovation of a vacant 32-unit apartment building in Ward 7 of Southeast Washington. The goal: convert a dilapidated building into

affordable condominiums. From receipt of the loan application to property closing, City First completed the transaction in less than 30 days. City First funded the loan thanks to a \$5 million deposit from the DC government. City First received this deposit as part of a partnership with Wachovia Bank in a bid for financial services to the city. With leadership from the Office of the Chief Financial Officer, the DC Government took advantage of

the new CDARS deposit product with full FDIC insurance coverage on the whole amount. This freed City First to lend the money, rather than purchase investment collateral.



Tivoli Square  
14th & Park Road, NW



## *New Markets Tax Credit leverages investment in Washington, DC*

In 2003, City First received the largest private allocation of New Markets Tax Credits targeted to a single city: \$73 million of investment authority. City First aimed to use NMTC to finance important commercial real estate projects that spur community revitalization.

In 2004, we started to realize that goal. The Tivoli project came to life through the vision and business savvy of Joseph Horning. Horning Brothers Developers worked with businesses, neighborhood activists and social service organizations to arrange a sustainable occupancy mix. With special funding through the New Markets Tax Credit, City First and Wachovia

Bank financed \$18 million of the newly renovated Tivoli Theater. The renovation of this 1922 movie palace has spurred the rejuvenation of the whole Columbia Heights neighborhood. The site is now home to the Gala Hispanic Theater and to 118,000 square feet of commercial space, including a major grocery store chain, small retailers and the offices of a non-profit agency. City First is proud to have assembled a financing team with Wachovia Bank that has put the Tivoli on a strong financial foundation once again.

*"We're using the educational precepts of Booker T. Washington and W.E.B. Dubois to build family and community through academics and the trades." – Richard Jackson, Principal*

## Vibrant community organizations



Schools, day care centers, churches, and counseling agencies anchor their communities. Facilities financing is often essential to their financial stability and to the stability of their communities. But because these organizations don't buy and renovate properties everyday, they often need additional real estate expertise.

We take the time to understand complex organizational finances. That's why many local groups rely on City First when it's time to make this kind of major purchase.

*Pictured: Rembert T. Allen, Professor of Carpentry with students.*



## *Hands-on banking supports hands-on education*

Booker T. Washington  
Public Charter School for  
Technical Arts

1346 Florida Ave., NW  
Washington, DC 20009

City First provides valuable working capital to fund Booker T. Washington Public Charter School between its scheduled disbursements from the DC Public School Board. Booker T. offers classes in carpentry, electricity, plumbing and more in conjunction with traditional college preparatory classes. Local contractors, unions and government placement programs provide students with "hands-on" experience in real workplaces. The school is also open at night for adult GED programs and extra tutoring for regular students.

The job training offered at Booker T. can be a means to an end, or an end in itself. Many of the students have used their training to get well-paying jobs while working their way through college. Others immediately set out to become valued employees or entrepreneurs. Whether they go right into the working world and stay there, or head for college, Booker T. students develop life skills for long-term success.



**Enterprise Housing  
Financial Services**

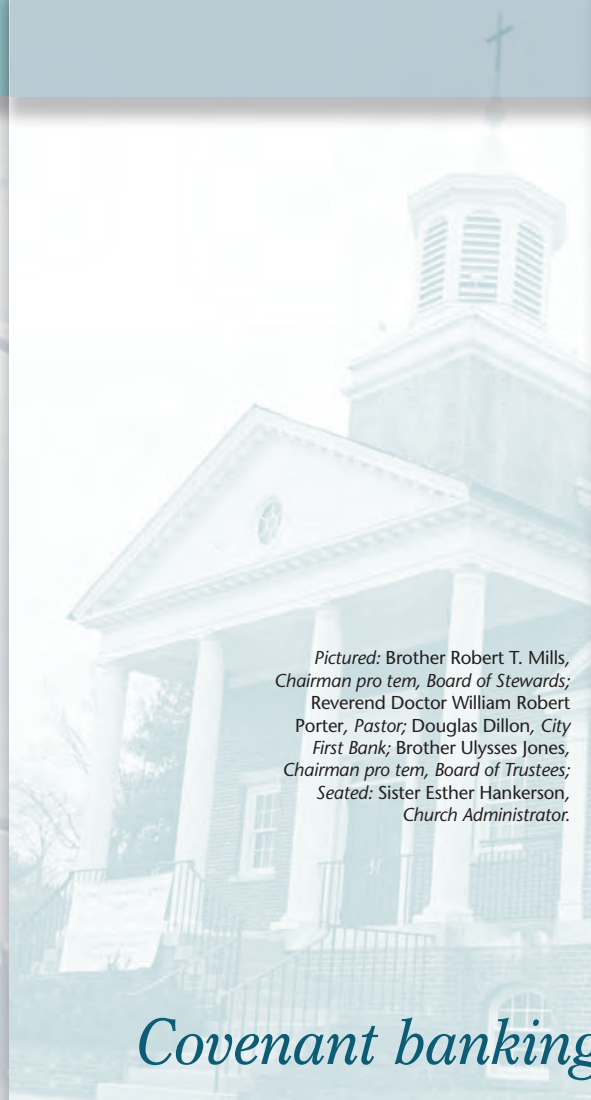
*Pictured left to right:  
Connie Matheson, Program Officer;  
Kristin Faust, President;  
Richard Stewart, Senior Director,  
Capital Management.*

*“City First’s early participation is helping us to attract other institutions and continue the important work of preserving affordable housing in DC’s neighborhoods.”*  
– Kristin Faust, President

*Innovative approaches to changing markets*

**The Enterprise Foundation**  
Columbia, Maryland

In 2004, the Enterprise Foundation, through its affiliate, Enterprise Housing Financial Services, sought investment capital to launch a new product for the preservation of affordable housing in the DC metropolitan area. Enterprise will use City First’s below-market loan to the fund, combined with other investments, to maintain quality affordable housing in the poorest neighborhoods of the city.



*Pictured: Brother Robert T. Mills,  
Chairman pro tem, Board of Stewards;  
Reverend Doctor William Robert  
Porter, Pastor; Douglas Dillon, City  
First Bank; Brother Ulysses Jones,  
Chairman pro tem, Board of Trustees;  
Seated: Sister Esther Hankerson,  
Church Administrator.*



*“We are a committed body of believers intent on glorifying God by helping those in need. We reach out to the community with our gifts and services.”*  
– Dr. William Robert Porter, Pastor

*Covenant banking to a strong faith community*

City First provided Hemingway Memorial African Methodist Episcopal Church with permanent financing for its grand church building and offices. Hemingway Church is a pillar of the District Heights community. The congregation of 670 families finds both spiritual and practical support in the church and also provides social service outreach to the community.

Reverend William Robert Porter co-founded the Collective Banking Group consisting of over 200 mostly African American congregations in eastern Washington, DC and the near Prince George’s County suburbs. City First is one of the select “covenant banks” that provide quality services to the member churches.

**Hemingway Memorial African  
Methodist Episcopal Church**  
6330 Gateway Boulevard  
District Heights, Maryland

*"City First was creative and flexible. They took the time to understand my needs and made me a loan that met them."* – Andre Reveley, President

## Banking on neighborhood entrepreneurs...



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

Small business banking is an art and a science. City First helps entrepreneurs understand what it takes to succeed financially. Our relationship doesn't end with a loan – it begins with one.

*Pictured: Andre Reveley, President.*



## *"Rolls Royce" entrepreneurial flair*

**Andre's Brushless Car Wash**  
4348-50 Suitland Road  
Suitland, Maryland 20746

Andre Reveley came by his entrepreneurial talents naturally. His father, Maurice, once sold produce from the back of a 1960 Chevy and then owned and operated grocery stores, a diner, a post-construction clean-up company and a carwash. Andre and his brother Aubrey have grown the car wash business with the Reveley entrepreneurial spirit. They continue their father's life-long dedication to providing services to areas typically skipped over by large corporations. The brothers have done everything from consulting on car wash equipment and site selection to management. Andre has even developed proprietary soaps, waxes and tire dressings. No wonder people come from far and wide to take advantage of their "Rolls Royce" service!



**Career Blazers**  
Washington, DC

*Pictured left: Moses Rabi, President  
Below: Dr. Sharon L. Conn, Professor*

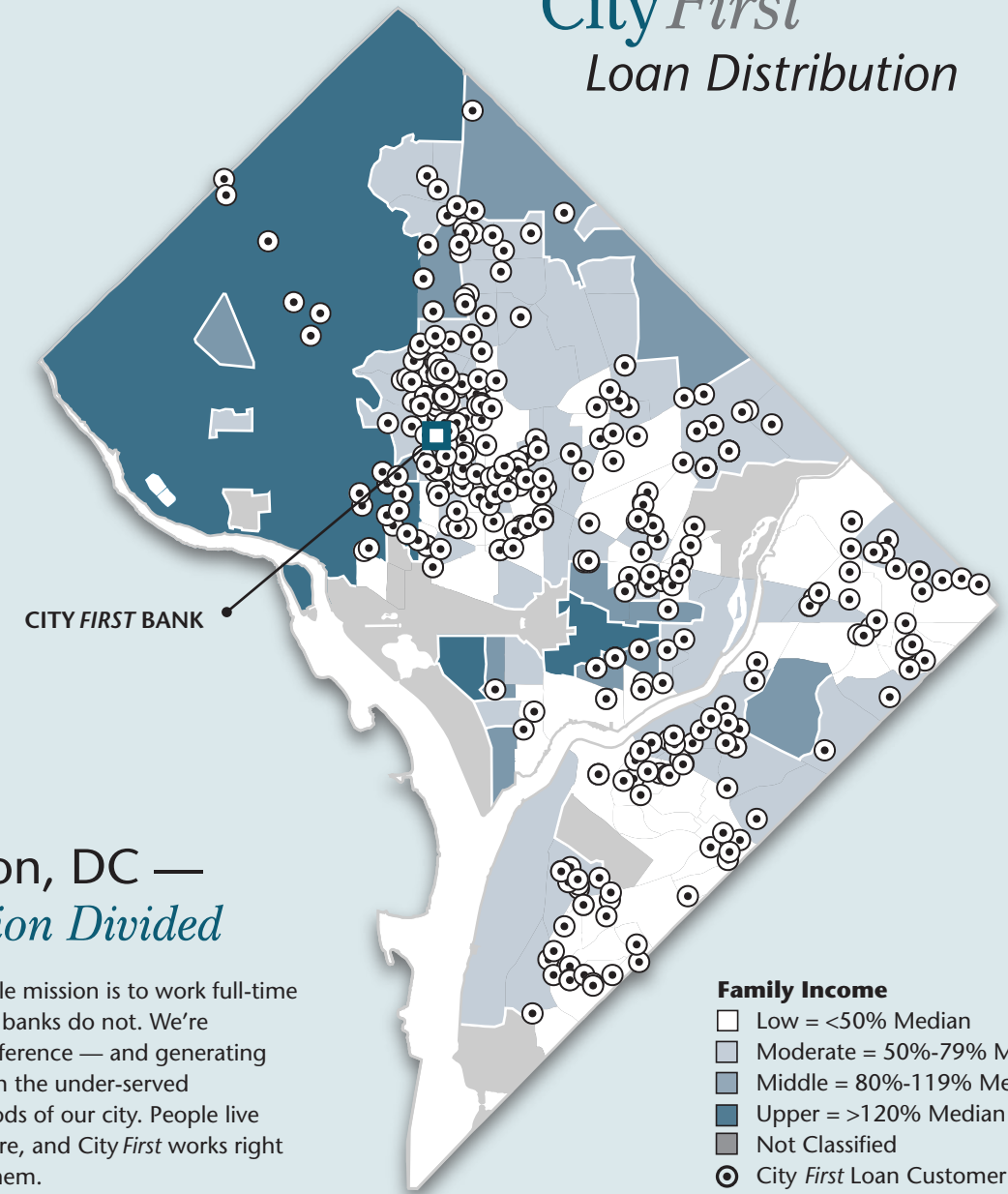
*"Another bank accepted me for the loan to acquire Career Blazers. I went with City First because they made it very clear that this wasn't just about numbers. I felt City First was committed to making my business a success and felt we could make an important contribution to the City." – Moses Rabi, President*

*Entrepreneurs who strengthen communities*

Using a City First SBA loan and a line of credit, and cash collateral from the Cooperative Assistance Fund, Moses Rabi bought the Career Blazers training business. Using real-life training with the hardware, software and office technology used in today's labor market, the company provides high-quality training to low-income DC residents. In the second half of 2004, the company trained about 150 students and directly placed 60 of them in jobs locally. Mr. Rabi saw the importance of the work that this center was doing, and didn't want the service to be lost. With City First's help, he has succeeded.



*City First*  
*Loan Distribution*



Washington, DC —  
*A Region Divided*

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

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



## Deposits + CityFirst = Loans

### City First depositors see a double Bottom Line...

It's a simple formula: deposits fuel loans. City First uses FDIC-insured deposits to lend where it's needed most. At City First, our depositors earn competitive market rates. But just as importantly, we offer the added satisfaction of knowing that we put deposits to work to improve the community.

- \$50,000 can fund an equipment loan for a small business in Columbia Heights;
- \$100,000 can fund housing renovation in Anacostia or a line of credit for a job training program for low-income DC residents;
- \$250,000 can fund the acquisition and renovation of a new community church in Brentwood Park;
- \$500,000 can fund a line of credit for a nonprofit organization revitalizing housing along North Capitol Street; and
- \$1,000,000 can fund the renovation of 35 units of affordable housing.

## CityFirst – CDARS for our largest depositors

### Put your money on a mission

City First Bank is the first bank in the region to offer FDIC insurance on deposits up to \$20 million,

#### PLUS

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

*"I was happy to work with Wachovia and City First to make the District's deposit happen. CDARS provides us the security that our investment policy requires, while allowing City First to use those funds to make loans that improve communities east of 16th Street and east of the Anacostia River!"*

*– Alcindor Rosier, Associate Treasurer, Government of the District Columbia.*



### CITYFIRST PLATINUM DEPOSITORS

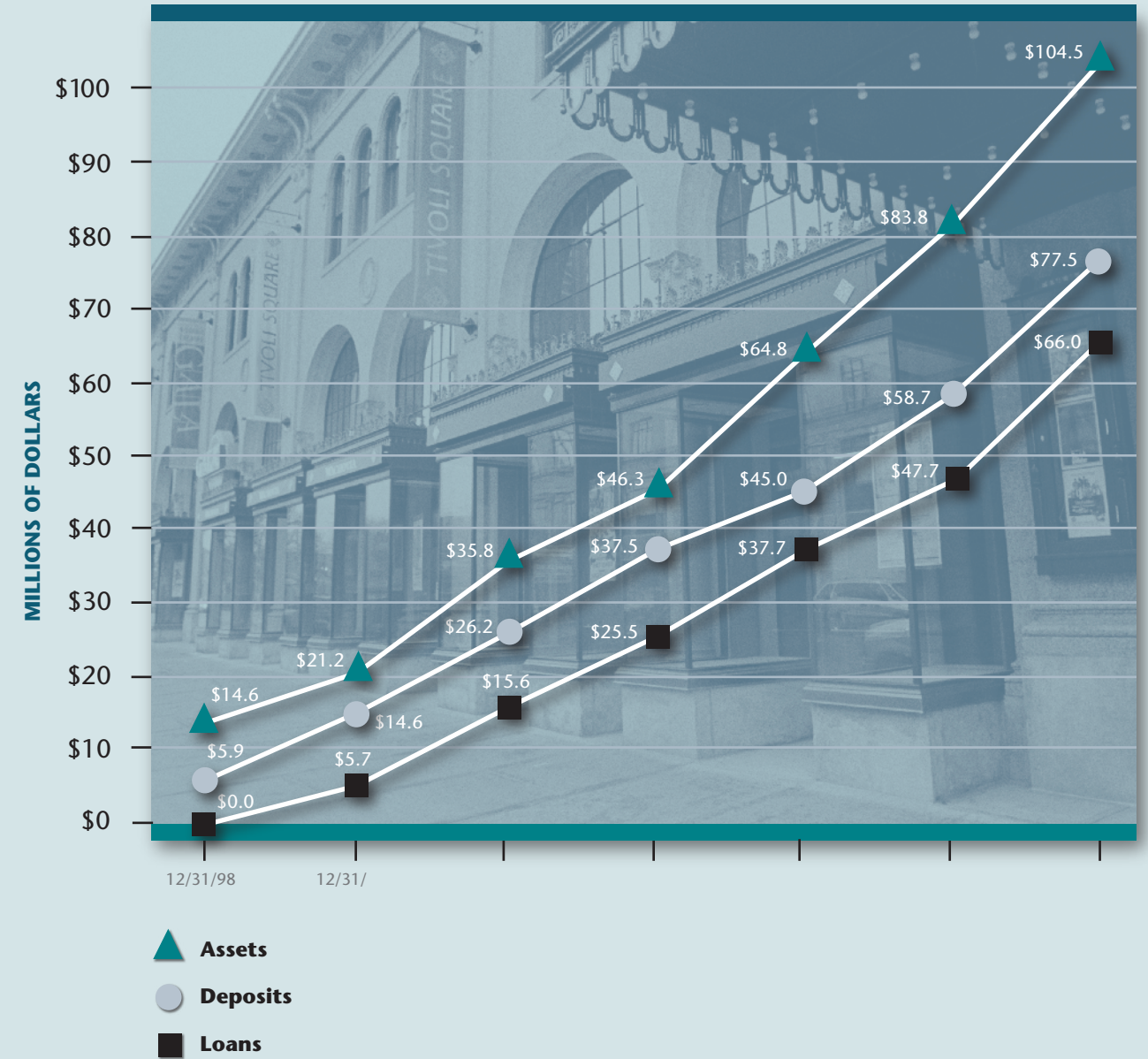
(Organizations that have deposited \$500,000 or more)

- Annie E. Casey Foundation
- Building Bridges Across the River, Inc.
- Canal Park Development
- Centronía
- Charter School Development Corporation
- Community Partnership for the Prevention of Homelessness
- Continental Construction, Inc.
- Cornerstone, Inc.
- D.C. Chamber of Commerce
- D.C. Water and Sewer Authority
- The Enterprise Foundation
- The Euphemia L. Haynes Public Charter School
- The Government of the District of Columbia
- House of Ruth
- Howard University
- Ideal Academy Public Charter School
- Industrial Bank
- Meridian Public Charter School
- Metropolitan Washington Airport Authority
- National Congress for Community Economic Development
- National Cooperative Bank FSB
- New School for Enterprise & Development Public Charter School
- Options Public Charter School
- Paul Junior High Public Charter School
- Tri-Community Public Charter School
- Washington Area Community Investment Fund
- Washington Math Science Public Charter School
- William C. Smith & Co.

**CORPORATE SHAREHOLDERS**

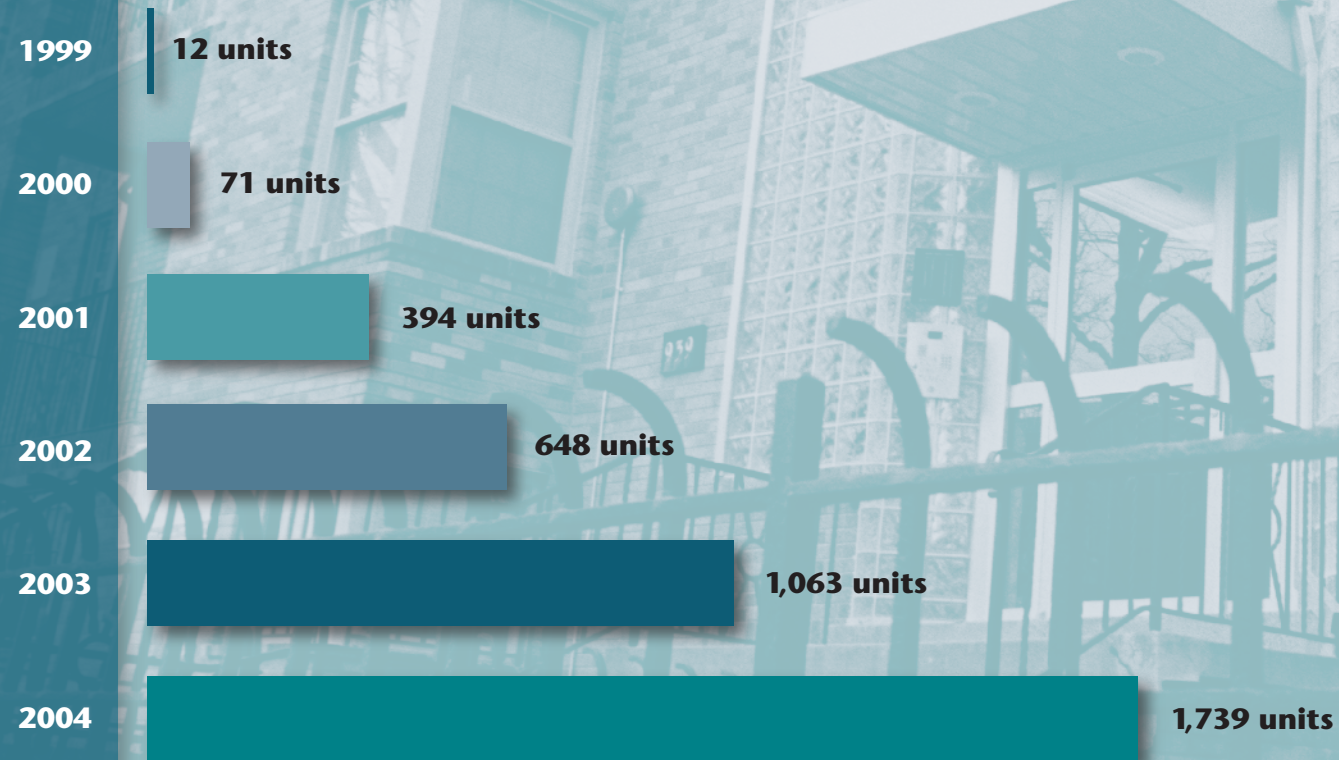
- Ameritrust Capital Corporation
- Bank of America Corporation
- Calvert Social Investment Fund Balance Portfolio
- Capital One, Federal Savings Bank
- City First Enterprises, Inc.
- Citicorp North America, Inc.
- CDFI Fund
- Community Foundation for the National Capital Region
- Cooperative Assistance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

**Financial Results**

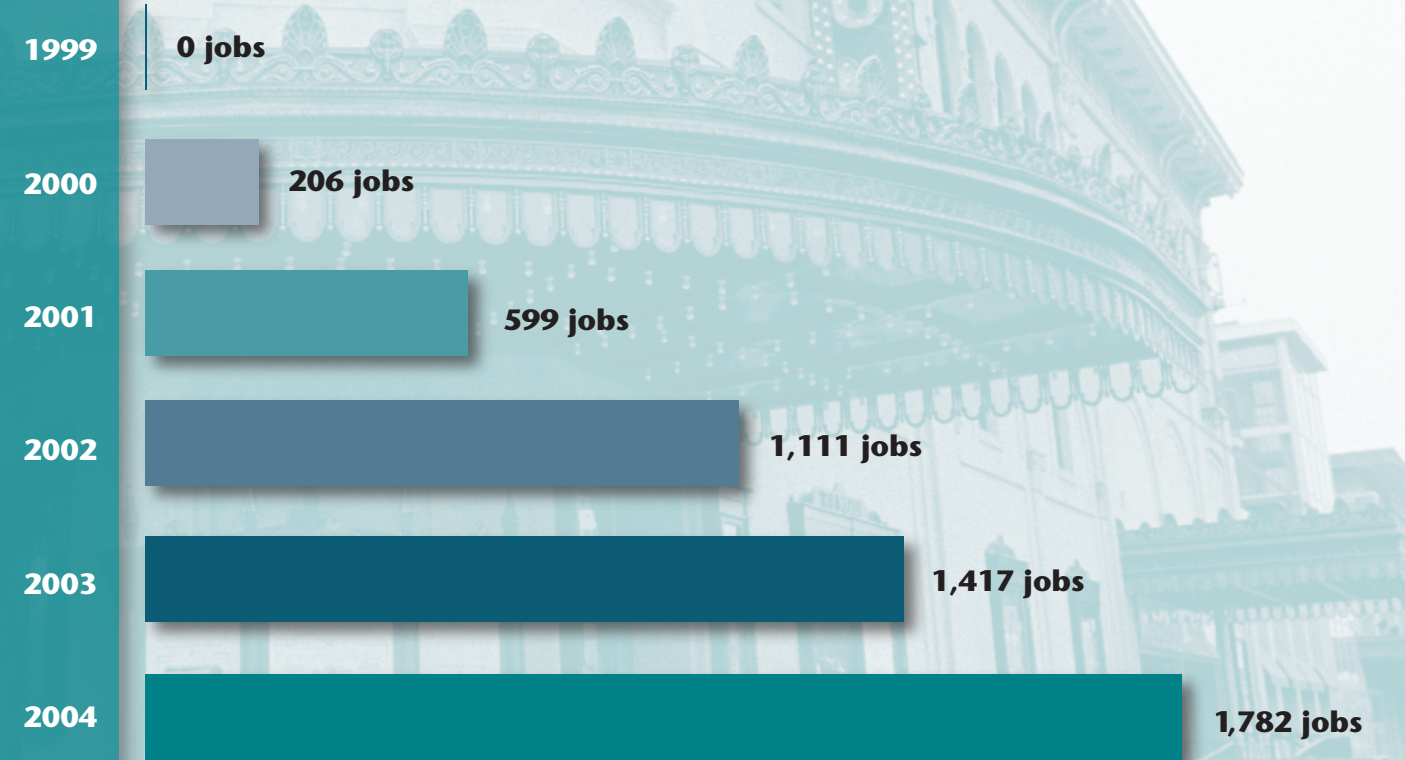


## Keeping Score

Affordable Housing Units Financed (cumulative)



Jobs Created or Retained (cumulative)



## The Difference is our People...



We look forward to greeting you in our new headquarters at 1432 U Street in the fall of 2005. City First's complete renovation and new additions will restore a historic building that once housed the Jarvis Funeral Home.

Row 1, Left to right:  
**Eva Rainer**, Commercial Lender;  
**Ann Scoffier**, VP Resource  
Development; **Heather Brown**, SVP,  
Bank Operations;  
**Clifton Kellogg**, President & CEO;  
**Milton Franklin**, Chief Lending  
Officer; **Swapan Chauduri**,  
Comptroller.

Row 2  
**Joseph Timer**, VP Commercial  
Lending; **Ovie Idise**, Credit Analyst;  
**Stephanie Meyer**, Loan Officer;  
**Rhonda Dixon**, Real Estate Loan  
Assistant; **Jeannette Greenhill-  
Mensah**, AVP, Deposit Operations  
Manager.

Row 3  
**José Ygoa**, Financial Services  
Representative; **Khadija Adams**,  
Head Customer Service Associate;  
**Julia Moore**, Deposit Operations  
Specialist; **Russell Brown**, Bank  
Operations Support; **Jessica  
Rodriguez**, AVP-Branch Manager.

Row 4  
**Byron Kittler**, Credit Analyst;  
**Godwin Agba**, VP Commercial Real  
Estate Lending; **Phyllis Henderson**,  
Executive Assistant to the President;  
**Darren Basore**, VP Real Estate  
Lending.

Not pictured  
**Sam Srinagesh**, Chief Financial  
Officer; **Douglas Dillon**, VP  
Commercial Lending; **Brenda Walls  
Booth**, AVP Loan Center; **Edra  
Dove**, Loan Operations Assistant;  
**Reuben Halsey**, Customer Service  
Associate; **Jonathan Kelly**, VP  
Commercial Lending; **Arnetta  
Parish Shaw**, Executive Assistant  
to the CLO; **Vance Warren**, Loan  
Operations Assistant.



We'll see you on U Street.

## BOARD AND STAFF

### THE BOARD OF DIRECTORS

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

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Andrew Tomback, *Partner, Milbank Tweed Hadley*

### CORPORATE STAFF

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Milton Franklin, *Chief Lending Officer*  
Sam Srinagesh, *Chief Financial Officer*  
Heather Brown, *Senior Vice President, Operations*  
Ann W. Scoffier, *Vice President for Resource Development*  
Douglas F. Dillon, *Vice President, Commercial/SBA Lending*  
Godwin Agba, *Vice President, Real Estate Lending*  
Jonathan Kelly, *Vice President Commercial Lending*  
Joseph Timer, *Vice President, Commercial Lending*  
Darren Basore, *Vice President, Real Estate Lending*  
Swapan Chauduri, *Comptroller*



**CITY FIRST  
BANK OF DC**

Member FDIC

**City First Bank of DC**  
1432 U Street, NW  
Washington, DC 20009

Executive Offices: 202.332.5002  
Retail Branch: 202.939.7600  
Fax: 202.332.8240  
[www.cityfirstbank.com](http://www.cityfirstbank.com)

*We're moving to 1432 U Street, NW in the fall of 2005.*