

Annual
Report

'15



CITY FIRST
BANK OF DC

Community
Development
Finance





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.**



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Mapping Our Mission

Letter from the Chairman and President

Over the years, we have met so many extraordinary people who were part of the grassroots movement from which City First Bank was created.

For nearly two decades, and from our formation in the basement of a church, our mission has brought together community leaders and organizers to collectively address the economic challenges of low wealth communities throughout the District of Columbia and beyond. What we continue to believe is that facilitating the flow of affordable financial products and services to historically under-resourced communities creates transformative change that over time improves the quality of life for all residents for generations.

The vehicle created to steer and advance that charge was City First Bank of DC. We are a different kind of bank, founded from activism and advocacy, focused on public-private solutions to stimulate and support economic empowerment. We have fashioned a blueprint of capital deployment to deliver on that calling, and we are proud to report that since our founding in 1998 **we have deployed over \$1 billion dollars of mission-focused capital behind that vision.**

 **\$1 BILLION**
of Capital Deployed

see
page
40

So what does a billion dollars at work look like? It is making below market and socially responsible capital available to build safe and affordable housing; critical health care centers, pioneering charter schools and stabilizing and enriching performing arts centers. It has helped eliminate food deserts by supporting local entrepreneurs in opening grocery stores. It is providing significant capital resources to assist nonprofits and social service providers in dramatically increasing their capacities in order to serve more people in need. It is standing by small businesses working to create jobs, understanding the vital role they play in the success of thriving neighborhoods. By not wavering on our mission, we continue to prove that distressed neighborhoods are viable markets, and that under resourced communities can concurrently provide opportunities for economic advancement and good credit quality.

As we reflect on 2015, we are reminded that the same passion, commitment and optimism that was present in that church basement over 20 years ago, still drives our culture today. We know that along the way, we have forged important mission-driven partnerships that have further enabled our collective impact and growth. We are proud to support the efforts of pioneers like Jane Lang of the Atlas Performing Arts Center, who knew that a community home for the arts would serve as an important anchor institution, catalyzing business development along a commercial corridor that had been blighted since the 1960's. We recognize that iconic family-owned businesses, like Ben's Chili Bowl, not only preserve the





\$257
MILLION
IN ASSETS

\$195
MILLION
IN DEPOSITS

\$167
MILLION
GROSS LOANS

see page 34

culture of communities, but also create wealth and employment opportunities for decades. We witnessed how by partnering with impressive emerging developers like Raymond Nix, whose keen focus on the preservation and creation of affordable housing, families are provided a secure place to call home while creating stability for an entire neighborhood.

We also recognize the unique opportunity we possess to illuminate opportunities and search for solutions to critical issues facing many under resourced communities in the District. As part of our charge to support community education and advocacy, through City First Foundation, last November we convened an important gathering of over 300 highly engaged stakeholders, including Mayor of the District of Columbia, Muriel Bowser, for our second Community Development Finance Conference, Equitable Economic Development East of the River. The goal was to provide thought leadership and advance solutions around innovations in urban centers, particularly looking at how private development east of the Anacostia River could achieve a more equitable and inclusive vision for every sector of the community, particularly as economic opportunity and development push with increasing pace further south and east in the city.

Now more than ever, we are convinced of the relevance and importance of our values-driven banking. During 2015, our board and staff allocated significant resources focused on how to make City First even more impactful. In addition to the success of our conference, we achieved other important milestones, including our 2015 award of \$50 million in New Markets Tax Credits, bringing our cumulative total to \$468 million in allocations for highly distressed areas. Further, we invested heavily in innovative systems and in bringing on extraordinary talent to advance the charge; we opened the Anacostia Engagement Center to create a more active presence East of the River;

and we became an early member of the Global Alliance for Banking on Values (GABV). We have also initiated an enterprise-wide strategic planning effort, that includes City First Enterprise and City First Homes, that will allow us to focus on working together to create even greater impact throughout the city. We know that our investments will allow us to fashion a global model of impact, scale and sustainability, while meeting the unmet needs of all citizens – in whatever community they call home.

In closing, thank you for your support and we hope you enjoy our 2015 Annual Report.

Please come by the bank to visit – we're right here in the heart of D.C.

With great appreciation,

Chuck Muckenfuss
Chairman of the Board

Brian E. Argrett
President and CEO







The Composition of a Community

Every idea begins as a blank canvas, enhanced by the color of collaboration then mounted as a masterpiece. For partners of City First, this masterpiece manifests as their enterprise. Meet three people who embody the values of community development. Their “gallery of impact” influences thousands of lives, their bravery orchestrates change through development, their legacy indelible...

Our financing curates investments like this, rendering a community mosaic full of life...

Legacy Story

Jane Lang

Atlas Performing Arts Center



Standing under the sign that bears the marker “Theater,” Jane Lang, founder of the Atlas Performing Arts Center throws her hands up with the style and verve of a Ziegfeld dancer or a principal in *West Side Story*.


She radiates dynamism.

When Lang, and her late husband Paul Sprenger, set out to restore the historic theater in 2001 they did not imagine that as the catalyst for transforming H Street the corridor in northeast that had for decades been in distress would come back with such cultural and economic potency.

“The arts can’t do anything alone, but the arts can set the fire,” says Lang, who is chair emeritus of the performing arts center. “Arts create a life around which more life can aggregate. The arts are, after all, our legacy, our reason for being a civilization,” she adds with the same enthusiasm with which she walks the grand halls.

Despite being told by developers nearly two decades ago that investing in H Street was like flushing money down the toilet, Lang set out to raise the \$24 million it would take to breathe life back into the dilapidated theater. It would take five years.





This year the Atlas Performing Arts Center celebrates its 10th anniversary.

“Something that began as an idea in 2001 and was fully realized in 2006, in an area that had been given up on for 35 years, it’s pretty amazing progress,” Lang says with gusto.

She expounds on her experience of bringing the Atlas opening to fruition that it was a combination of things that enabled the phenomenon that is the Atlas Theater. The vision took buy-in from the community, artists she wanted to work with, the city and lenders.

So, she set out to engage them all. That commitment was key in encouraging others. With its mission toward community development, City First Bank became a stakeholder in the vision.

“City First came in at an early point, but at a prudent point, where it looked like things were going to come together to create a vibrant community. They were the critical element at a critical moment,” explains Lang.

The investment into the iconic art space was a bellwether for other investors along the corridor that is now experiencing a renaissance.

“What I think it did was create an environment in which people could believe in the future,” says Lang.

She stands by her belief that communities form around the arts. It’s a phenomenon that is not successful in isolation, but when the spark is lit the force of change and prosperity galvanizes others and can become the cultural heart of a renewed community.

Affordable Housing

Ray Nix

Eastbrooke Apartments

As a trained City Planner and Landscape Architect, it didn't take Raymond Nix long to see that by combining his talents with his vision he could build the kind of housing that can change lives.

Within the edges of the District, in the far northeast corner of Washington D.C., is the beginning of a corridor that is undergoing renewal with the determination of developers, like Nix, whose blueprints are restoring entire neighborhoods.

Driving in from Maryland, it's evident that the neighborhood of Deanwood is on the frontier of transition, a once vibrant portal into the nation's capital. Years of neglect, and divestment from middleclass flight in the '70's and '80's created large swaths of blighted land.

"We're finding that in areas throughout the city you're having a tremendous amount of wealth and economic revitalization and rebirth," says Nix. But, he asserts that it's





essential to consider the makeup of the community as he works to shape the projects that will resuscitate an area. “The preservation of affordable housing is a wonderful vehicle to ensure long term affordability,” he explains.

Nix, president and managing partner of Urban Matters, says he became passionate about creating affordable housing after he accomplished his first deal, and saw the impact it had on people in transforming their lives.

Today, at 62nd Street Northeast, a sleek, new building sits the length of the block with well-appointed landscaping, where the trees lining the street are occupied by a chorus of birds, whose chirping competes with the ambient sound of the cityscape.

Neighborhood revitalization helps turn around communities that have had blight and underutilized space,” adds Nix, as he highlights an even more equitable outcome, “It gives folks that would otherwise never have the chance to live in modern and spacious housing.”

The 28,000 square foot property that had once been reduced to a dumping ground is the location of Eastbrooke Apartment Homes. Nix was particularly ardent about building what he calls livable-sized residences. His objective for the 39 units was to build 2 and 3 bedroom homes that are state-of-the-art and energy efficient with amenities that include a library, a computer center and fitness facility, to support the needs of individuals and families in the upswing toward prosperity.

“This property [was] the end of the rail line for the district’s rail car. This was the gateway from and in to D.C.,” he recounts. Adding that, “The history and the fabric of some of these communities tends to get lost sometimes over the course of the years.”

That is why each of his projects focuses on, “bringing back the integrity and the design fabric of this part of Deanwood,” explaining that it’s an integral part of building a thriving community.

Nix says that philosophically there’s a lot that goes into creating quality, affordable housing. His goal is for someone to pass one of his projects and not detect that it’s affordable housing.

“I wanted them to have the wow factor when they walked in and say that this is possible, that this is achievable, this is attainable,” says Nix with enthusiastic commitment.

And, even more importantly he wants residents to unequivocally refer to it as home. But, there is an art to crafting the deals that bring about urban renewal, says Nix. He relied heavily on the input from church leaders and neighbors, as well as financial collaborators who understand the vision of transforming blighted communities.

“City First stepped up to the plate and partnered with another lending institution to provide the critical construction financing for the project. What they brought to the table, as the local lender, is understanding the potential to transform property,” he explains.

Nix says he has made this his life’s work.

“Providing high quality housing pays off in dividends,” he says.



In the late 1950's, when the city was still separated by segregation, going downtown for dinner was not an option for African Americans.

But, when Virginia Ali and her husband Ben opened their restaurant in late 1958, they never imagined that they would bring people of all backgrounds together for the next two generations.

The \$5,000 investment that she and Ben made to renovate the building that still houses the original Ben's Chili Bowl has grown into a legacy.

"We couldn't go downtown for dinner or to the movies, but we had it going on here on U Street," says Mrs. Ali proudly. "We had our own little hotels – but were confined... to this community." She reminisces about the fine, white tablecloth restaurants that inhabited the neighborhood along with first rate theaters, like the Lincoln that remains iconic today.

Integration brought change, but then the riots of 1968 devastated the community. The middle class moved away, drugs moved in. First heroin, then crack, followed by crime.

"We had a good relationship with this wonderful community. We had all the young men who grew up here and knew that this was their place. I think that had a lot to do with our survival during the riots," explains Ali, as to why her restaurant survived amid the inferno that surrounded her building. As one of her three sons, Kamal, remembers it, "Soul Brother" was painted on the window to alert frustrated rioters that theirs was a locally owned business not to be set aflame. "We had very delicious food and more importantly we had a love for people," she delights. Equally, the community loved her and her family's restaurant.

"I still had great faith in this city ...this is the nation's capital. I didn't know that it would come back as it has, but it's now good-to-go!"

Small Business Virginia Ali

Ben's Chili Bowl

The Ali family's strong presence, and continued investment into the business over the years, has ensured the restaurant's success, and has made Ben's Chili Bowl a foremost DC landmark. And, as the business grew so did the city.

"It's now very active, thriving actually. It's the place to be! It's the place people want to live. It's amazing to me to experience all of this," says Ali, who at 82 years old, energetically oversees the operations alongside her sons, who have helped expand their parent's vision into a franchise with multiple locations.

Looking back on what H Street in the northeast corridor once represented, Mrs. Ali recounts, "It was also a prominent African American community, and now it's being rejuvenated."

Today, Ben's Chili Bowl has a home on the main thoroughfare, lending its revered name to the many new businesses lining the vibrant corridor. She adds, "I think it's beautiful and it's a great choice that my sons made." City First is proud to have financed this additional home on H Street.

As she taught her sons, she shares with all young visionary entrepreneurs that they should always get to know the neighborhood in which they inhabit. Affirming that it's a group effort that has brought about prolonged success.

"The banks have always been there for us. It's important to get to know your local neighborhood bank and it's important for them to get to know you," Mrs. Ali pontificates.

As Ali reflects on the near 60 years since she and her husband first opened their doors to serve the public, she remembers fondly the reciprocated affections from customers. She recalls the day when people lined up around the block to buy a chili dog in celebration of the restaurant's 40 year anniversary, Mrs. Ali thought, "**Wow, we really mean something to this community.**"



Our Douglass

THE LION OF ANACOSTIA

Every city should take as its motto
The life of Frederick Douglass.

A man no longer a slave, no
a glowing promise.

There is a Douglass in
The night sky reflecting

E. Ethelbert Miller
June 2015

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Small Business | Big Impact

City First Bank recognizes those whose mission is to respond to needs in housing, employment and arts education by providing the financing needed to grow. The following stories showcase how three vanguards of community development are having great social impact as small business and nonprofit leaders.





Affordable Housing

Habitat for Humanity

Habitat for Humanity does more than just provide shelter, they offer hope. In 1990, they started with just a few homes, but since then the organization's local affiliate has blossomed into a leading non-profit that offers low income families stability, security and the opportunity for homeownership in the DC metro area.

The benefit of taking low income families away from the deleterious effects of high rental markets leads to financial security. "Homeownership translates into more stability for children, where kids do better in school and often parents go back to school as well. This in turn improves employment prospects. We even see homeowner health improvements because they're not under a lot less stress," explains Susanne Slater, President and CEO of DC Habitat for Humanity.

As an internationally recognized organization, Habitat for Humanity partners with thousands of volunteers, with a dedicated staff and hundreds of corporate and individual donors. These partnerships have allowed the organization to provide nearly 200 sustainable, efficient and affordable homes for families across the four quadrants of DC in an effort to remedy the affordable housing crisis in our communities.

"If you don't have economic diversity you lose out on a lot of cultural richness –a lot of low income people are immigrants— you lose a lot of the multi-cultural influences on the city, that weakens its vibrancy," says Slater.

Since working with the Jimmy & Rosalynn Carter Work Project in 2010, DC Habitat is now constructing 40 homes in the Ivy City neighborhood producing unparalleled results. The historically industrial Northeast neighborhood -sandwiched between its railroad boundaries and bustling New York Avenue— has caught the attention of private developers, and is now populated by activists, artists and community members who have brought about a renaissance in this once severely distressed neighborhood.

Along with City First Bank, DC Habitat for Humanity was able to finance the construction of the final 11 homes in the Ivy City III project. These are 3-bedroom homes with adequate space for families making on average less than half the area's median income per year. With rent prices continuing to rise, DC Habitat for Humanity remains proactive in alleviating this burden.

"We were there when Ivy City was one of the most distressed areas in the city, right now it has a very bright future," says Slater, explaining that it will be a neighborhood that preserves its vibrancy and diversity with more than 60 low income homes that have been built for homeownership.





DC Habitat continues to innovate with the construction of their net-zero passive homes, where solar technology is integrated into the design so homeowners pay virtually no utility bills for hot water, air conditioning or electricity. **“The house actually produces more energy than it uses. That is a tremendous boon to a low income family.”**

Along with their partners, like City First Bank, DC Habitat for Humanity remains committed to constructing better lives for the District’s most underprivileged. And, as Slater sees it, “It’s a hand up, not a hand out.”

Small Business Lending

JPN Masonry

When Jose Lara and Otto Madrid started JPN Masonry LLC in 2005, the dream was to bring craftsmanship in construction to DC's architectural landscape, while providing for their families. As friends from their small town in El Salvador, the two knew they could combine their talents and create something big in America.

This family-run business began as many stories of successful immigrants do, with a vision, determination and hard work.

"When you're honest and work hard people will give you an opportunity," says Jose Lara, founder and currently the Chief Operating Officer.

The company has developed a stellar reputation for unique and impeccable workmanship, specializing in property repair and restoration, new construction –and generally beautifying the District's neighborhoods.

Though he is the president and COO, Lara arrives early in the morning at Lafayette Elementary School –one of several sites the company is currently building, outfitted in work boots and hard hat just like his workers.

"I own JPN, but I identify with my workers. I'm not different from them, I'm the same. I once

did what they do," says Lara, who maintains a supportive family environment with his staff.

Lara and his family, along with Madrid who is CEO, continue to grow their small business and capitalize on their success to employ nearly 30 people, giving many more the opportunity to live their American dream.

Juan Marquez has worked with JPN Masonry for 11 years, and says he has stayed with the company for over a decade, "because for me, JPN is my family. They are there with me in the good and the bad times."

The gainful employment has led to Marquez's financial stability, he says that he can foresee his children working for JPN one day.



Today JPN Masonry provides high quality craftsmanship to clients throughout the District, and beyond.

Their clientele is expansive and extends into many of DC's growing industries, including hotel/leisure, commercial, retail, industrial, residential apartments, health and education; like Capital City Charter School and KIPP Public Charter School.

"We started out as a small company and we've expanded from DC, into Virginia and Maryland, and I'm excited about that," says Marquez.

With an investment from City First Bank, along with a line of credit that supports their working capital, JPN Masonry is meeting the greater demands for their work.

When Madrid joined Lara, his mentor and business partner, on this journey he knew JPN was creating more than wealth. He was building a legacy for future generations. As for the future of JPN Masonry, Madrid says,

"The sky is the limit."



Nonprofit Lending

Sitar Arts Center

Sitar Arts Center needs no introduction to DC for its formidable and award-winning work in providing underserved children and youth with critical life skills and world-class arts education.

“First and foremost we are a safe space for kids ...that is really about providing the stage for positive youth development. At Sitar that can happen from birth all the way through college and career,” says Executive Director, Maureen L. Dwyer.

The Center’s state-of-the-art facility serves as a creative home to more than 850 students each year during the vulnerable out-of-school hours.

“As a teenager, we address that stage of development that is so important, while so many youth in DC are disconnected,” explains Dwyer. “It’s really about finding meaningful ways for our youth to become leaders, to understand themselves, to contribute to the world, and the arts are an ideal opportunity to discover yourself, to express yourself, to collaborate.”

Sitar’s programs in the visual, performing and digital arts are proven to advance the critical life skills of young people from low-income households across the District. They hold their arts education programs to the highest standards, where success is measured against

the 21st century learning skills that are proven to lead to lifelong success. The progress of all of their students is measured by their creative achievement, critical thinking, collaboration, communication, accountability and initiative.

“So it’s really about helping young people at every stage in their development to grow into their best selves and to become fulfilled, contributing adults,” says Dwyer, as she recounts success stories of students like Angel Perez who received a full scholarship to California College of Art and Design. For the past four years all of the high school seniors who have participated in Sitar’s arts programs have graduated and been accepted to college.





With City First financing, Sitar Arts Center is expanding their facility to respond to the pressing need to make sure the educational opportunity gap is narrowed for greater numbers of DC's youth, giving more students the opportunity to develop their gifts and talents. Dwyer adds, "I think what Sitar is for DC is a point of hope and promise. It's a beacon for people to know that they are believed in and that they have a place where they can grow into who they should be."

New Markets Tax Credit Program

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.





**\$468
MILLION**

Through our affiliate, City First New Markets Fund, 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 as well as recreation and educational facilities to arts and performance venues.

City First is a seven-time awardee of the New Markets Tax Credit Program, and has become a premier NMTC facility lender, operating in six states – DC, Maryland, Virginia, North Carolina, Delaware and Pennsylvania. To date \$468 million in NMTC allocations have been awarded to City First.

In 2015 City First was awarded \$50 million in NMTC allocation from the CDFI Fund.





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NMTC Impact

\$26 Million

In 2015, City First was proud to provide \$26 million in below-market capital with concessionary terms to finance these three projects in DC and Bethlehem, PA that will bring jobs and vital services to economically distressed communities.

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.



SOME (So Others Might Eat)

Washington, DC

City First allocated \$10 million along with financing from DC Housing Enterprises and the Healthy Futures Fund to the construction of a 320,000 square foot facility that will provide 202 units of affordable housing and the creation of a 36,000 square foot medical and dental clinic in DC's Ward 7. Through expanded employment training, the new facility will triple the organization's capacity to empower local residents out of homelessness and poverty.



Achievement Preparatory Academy

Washington, DC

City First financing provided \$10 million to this award-winning Tier 1 college preparatory school, adding an additional 45,000 square feet to their facility and cultivating more than 20 positions in Ward 8 - one of DC's most economically and academically disadvantaged neighborhoods. By the end of this year, Achievement Prep will have grown from its initial start of 68 scholars to nearly 1,000.



Lehigh Valley Charter School

Bethlehem, PA

City First funded \$6 million in the development of the Lehigh Valley Charter High School for the Arts located in Bethlehem, PA. With a 91,000 square foot new facility, the school empowers nearly 650 students, provides 38 classrooms, and created 77 full time equivalent positions with a living wage and benefits.

The Power of Convening

On Thursday, November 5, 2015, the City First Foundation convened its second Community Development Finance Summit entitled, “Equitable Economic Development East of the River.” The day-long Summit brought together the District’s key community development stakeholders and thought leaders to discuss the primary challenges and opportunities impacting Washington, DC’s neighborhoods east of the Anacostia River.

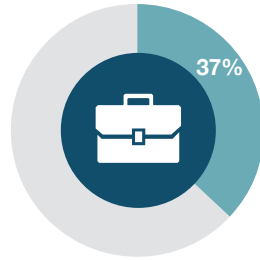


SPONSORS



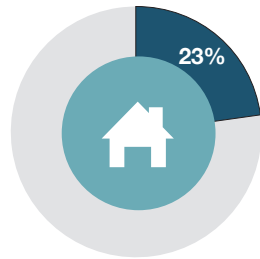
COMMUNITY PARTNERS

- | | | | |
|------------------------------|-------------------------------------|-------------------|-----------------------------|
| 11th St Bridge Park | City First Enterprises | DC HAND | Urban Institute |
| AEDC | City First Bank | The Menkiti Group | WACIF |
| AAREP | CNHED Community Foundation Congress | THEARC | Ward 7 Business Partnership |
| ARCH Development Corporation | Heights on the Rise | Union Kitchen | WRAG |
| Anacostia Arts Center | DC Fiscal Policy Institute | | |
| Bread for the City | LISC | | |



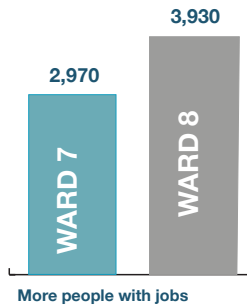
BUSINESS

In 2012, though African Americans made up nearly half of all residents in the city, 37 percent of DC business owners whose race could be identified (of all business sizes) were African American.



HOUSING

Despite the lower prices, Ward 8 has the lowest homeownership in the city (23 percent as of 2008-12).



JOBS

The citywide employment rate in 2008-12 was 89.5 percent, but only 79.8 percent in Ward 7 and 76.4 percent in Ward 8. If the employment rate for these wards matched the citywide average, there would be almost 7,000 more people with jobs.

Sold out conference; over 300 attendees

Second conference of City First Foundation

Uniquely focused on shared prosperity and economic benefit in the expansion of Ward 7 & 8 Neighborhoods

Mayor Muriel Bowser delivered Keynote

Over 20 community leader panelists

Two lead up events and two post-conference events

Community engagement activities through the launch of our first ever East of the River satellite office located at Anacostia Arts Center

Urban Institute white paper with electronic and print distribution to over 5,000 people

The establishment of the City First Gallery – our community engagement office located in the Anacostia Arts Center





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Innovators

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 our shareholders who ensure our efforts are focused on the community.





Understanding the potential to transform

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 Opportunity Finance Network (OFN), Washington DC Economic Partnership (WDECP), Mosaic Theater, and most recently the Global Alliance for Banking on Values (GABV). You'll also find City First staff members on the boards of numerous charter schools and other educational organizations and nonprofits.

BOARD OF DIRECTORS

Cantwell “Chuck” F. Muckenfuss III, Chairman of the Board, Partner, Gibson, Dunn & Crutcher, LLP (retired)
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Kimberly J. Levine, Executive Vice President, Chief Financial Officer
Carl Hairston, Executive Vice President, Chief Lending Officer (as of 2016)
Paul G. Brown, Executive Vice President, Chief Strategy Officer, (as of 2016)
Natalie Smith, Executive Vice President, Chief Human Capital Officer

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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	Wachovia
JPMorgan Chase Community Development Corporation	Wells Fargo Affordable Housing CDC
	Wells Fargo Bank

Executive Management



Brian Argrett
President & CEO



Kimberly Levine
Chief Financial Officer, EVP



Shaun Murphy
Chief Credit & Risk Officer, SEVP



Carl Hairston
Chief Lending Officer, EVP



Natalie Smith
Chief Human Capital Officer, EVP



Paul Brown
Chief Strategy Officer, EVP

“The impact of our work is tangible”

Brian Argrett, President & CEO

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Teamwork

Change Agents



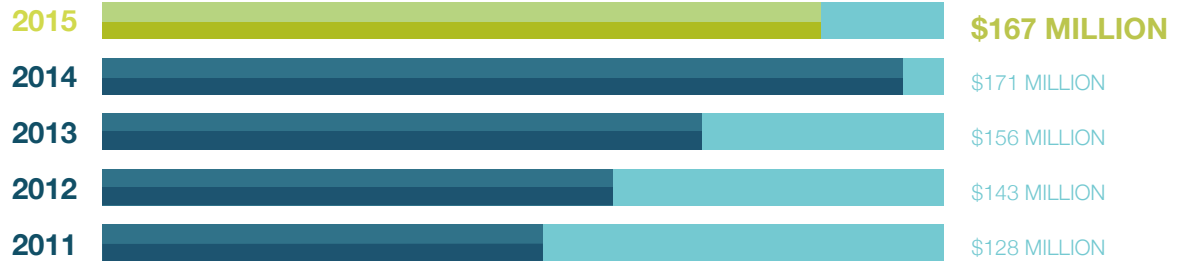
We are a proud family at City First. From our branch staff to our nonprofits, we are energized by the work that we do. We show up each and every day excited by the opportunity to serve our customers knowing that the outcomes of our commitment manifest in the overall health and well being of our community.



Financial Snapshot



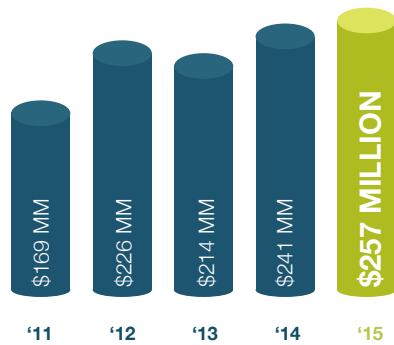
GROSS LOANS



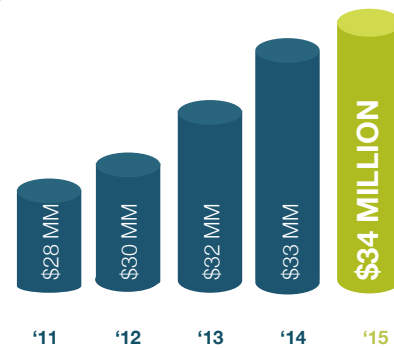
DEPOSITS



ASSETS



EQUITY



CFBANC CORPORATION AND SUBSIDIARIES
SELECTED FINANCIAL DATA

For the Years Ended/As of December 31,
2015 **2014**

(Dollars in thousands, except per share data)

Statement of Operations Data:

Interest income	\$9,743	\$10,511
Interest expense	588	574
Net interest income	9,155	9,937
Provision for credit losses	876	1,150
Net interest income after provision for credit losses	8,279	8,787
Noninterest income	3,312	3,364
Noninterest expense	9,095	9,198
Income before income taxes	2,496	2,953
Income tax expense	790	850
Net income	1,706	2,103
Less: Net income attributable to noncontrolling interest	547	635
Net income attributable to CFBanc Corporation and Subsidiaries	\$1,159	\$1,468

Per Common Share Data and Shares Outstanding:

Net income	\$0.56	\$0.73
Book value	15.15	14.73
Common stock outstanding at period end	1,864,313	1,864,313
Weighted average common shares outstanding during period	1,864,313	1,864,311

Balance Sheet Data:

Assets	\$257,240	\$240,987
Short-term investments	23,533	20,254
Investment securities	60,547	43,074
Loans, net	162,041	166,360
Deposits	194,577	191,114
Borrowings	26,357	13,865
CFBanc Corporation's equity	34,026	33,250
Noncontrolling interest	326	89

Performance Ratios:

Return on average assets	0.47%	0.65%
Return on average stockholders' equity	3.44%	4.51%
Net interest margin	3.91%	4.66%
Loans to deposits	86%	89%

Capital Ratios:

Tier 1 common equity risk-based capital	18.81%	17.55%
Tier 1 risk-based capital	18.81%	17.55%
Total risk-based capital	20.08%	18.82%
Leverage ratio	13.62%	14.00%

Baptist Legacy Award

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 2015, the Baptist Award recipient is Jane Lang of the Atlas Performing Arts Center.

- 2014** **Stanley Jackson**, Anacostia Economic Development Corporation (AEDC)
- 2013** **Robert Pohlman**, Coaliton for Non Profit Housing and Economic Development (CNHED)
Bob Moore, Development Corporation of Columbia Heights (Posthumous)
- 2012** **David O. Treadwell**
KIPP DC
- 2011** N Street Village
Mi Casa
- 2010** DC Primary Care Association
Maria Gomez, Mary's Center for Maternal and Child Care
- 2009** Bread for the City
Jobs for Homeless People
Oramenta Newsome, 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 Youth Build 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.



'15 Recipient Jane Lang

Atlas Performing Arts Center



The board members of City First Bank are proud to honor **Jane Lang**, founder and Chair Emeritus of The Atlas Performing Arts Center. Jane's commitment to rebuilding the 60,000 square foot theatre has proven to have catalytic impact on the commercial corridor of H street and it's surrounding community.

This year marks the **10th anniversary** of this local landmark. Transformed from a decrepit building into a pillar of the Capitol Hill community, The Atlas presents a variety of artistic expression with renowned troupes such as Step Afrika! and Mosaic Theater.

The Atlas is on the National Register of Historic Places and is a recipient of the Mayor's Arts Award for Excellence in Service to the Arts.

We join in saluting Jane Lang's vision and honoring her dedication to the preservation of an historic arts institution and subsequently the revitalization of a now thriving commercial corridor -- **H Street**.

Your Deposits *at Work*

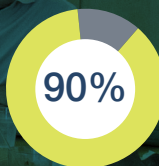
Architects of Healthy Communities

City First Bank of DC provides financial products and services to small businesses, community service organizations, affordable housing developers, charter schools, and churches that provide jobs, housing and other community needs. With a legal lending limit just 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.**

'15



\$27 Million
IN NEW LOANS



IN AGGREGATE
TOWARD COMMUNITY
DEVELOPMENT LENDING

\$26 Million
IN NEW MARKETS TAX
CREDIT EQUITY DEPLOYED

Our Douglass

THE LIVES OF ANNE DOUGLASS

The life of Frederick Douglass at Douglass House in Washington, DC

A historic house in Washington, DC, that was once the home of Frederick Douglass and his family.

There is a Douglass House all over the world, but the one in Washington, DC, is the original.

K. Phyllis Miller

June 2011

Photography by Nancy L. Campbell



CITY FIRST
BANK OF DC

\$1 Billion Milestone

2015 marks a perennial milestone having deployed an astounding **\$1Billion** into low and moderate income neighborhoods since our founding in 1998.

With the support of socially motivated depositors like yourself our collective impact is tangible. We demonstrate a rare and trusted opportunity which allows us to engage with millennials and other socially conscious investors authentically. We work to put our money where our mouth is.

Activism is in our DNA.

From our founding meetings in a church basement on 16th Street, NW through today -- you can count \$1 billion benefiting thousands of lives and subsequently all of the residents of DC.

Cumulatively

\$422

million in New Market Tax Credits toward Community Development Projects

\$591

million Total Invested in Community Development Projects



in aggregate toward values-driven lending



14,672

JOBS CREATED/RETAINED + CONSTRUCTION JOBS



590,000

CLIENTS SERVED IN COMMUNITY FACILITIES



CREATED
13,155

CHARTER SCHOOL SEATS



6,130

UNITS OF AFFORDABLE HOUSING



The Future is Engaged


In 2015, a movement among the bourgeoning population in DC spurred thinking around what it means to be “a local.” City First is on that check list of bonafides around their conscious decision to not only shop local and vote local but to also **bank local**. To this end, City First saw huge gains in social media engagement and participation in our external events and activities from this millennial demographic



f 70.1%
Increase In Friends

in 40%
Increase In Followers

v +4
Branded Videos


97.4%
Increase In Followers

Disparity & Focus

Demographics	Ward 3	Ward 7	Ward 8	Citywide
Minority Residents (African American & Latino)	13.1%	97.7%	95.8%	60.1%
Poverty Rate	8.20%	26%	37%	18%
Average Family Income	\$246,528	\$59,161	\$43,973	\$119,511
Homeownership	51%	41%	23%	42%

*data based on the 2010 census
updated through 2104*

Even though the District has experienced tremendous growth, this chart highlights the significant racial and economic disparities for low and moderate income communities that City First Bank intentionally supports.

In DC, the top 10 percent of earners make more than six times the amount of the bottom 10 percent. That disparity in earnings is higher than any of the 50 states.

\$141 Million in Small Business Loans & NMTC Investments | Wards 7 & 8

Toward a more equitable DC, City First is missioned to help close the gap in quality of life indicators and opportunities between Wards 7 & 8 and the rest of the city, as cited above. Since 2001, we have channeled over \$141 million dollars financing visionary ideas that stand as beacons today bringing forth more jobs, quality school seats, and a healthier community. Thousands of lives have been impacted by the existence of these facilities through partnerships with leaders who dared to dream.



SMALL BUSINESSES

Employment as the bedrock of stabilizing families

- IHOP
- Alabama Plaza
- Popeyes



AFFORDABLE HOUSING

Safe and affordable housing

- Eastbrooke Apartments
- River East at Anacostia
- Blue Skye Apartments



EDUCATION

Competitive Tier 1 curriculum and pathways to college

- DC Prep
- Thurgood Marshall Academy
- Achievement Prep



HEALTH, WELLNESS & THE ARTS

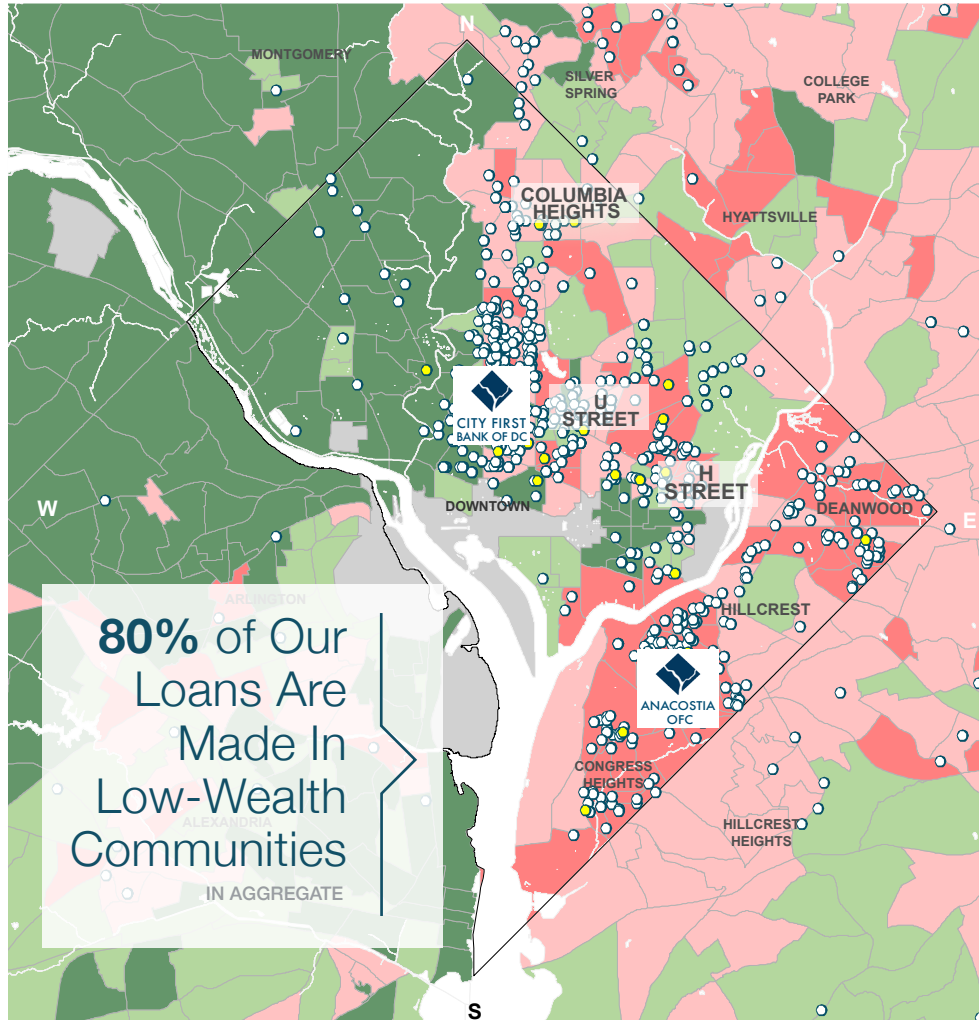
Delivering a holistic quality of life

- THEARC
- So Others Might Eat
- Unity Parkside Health

* Samples above reflect a fraction of the \$141 million invested



Mapping Our Mission



Loans Originated 1999-2015

- Loan Location (2015)
- Loan Location (Pre-2015)

Loans/NMTCs outside the mapping area are not plotted on the map.

Census Tract Family Income Classification (FFIEC 2015)

- 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

Since 1998,
City First has
Channeled **\$1 Billion**
in Capital Where It's
Needed Most

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 national reach spanning six states—funding projects from North Carolina to Delaware utilizing the critically important New Markets Tax Credit financing tool.

U.S. DEPARTMENT OF THE TREASURY
CERTIFIED CDFI
— (PART 170) —
Financial Institutions Fostering Community Growth

FDIC



GLOBAL ALLIANCE
FOR BANKING
ON VALUES

cityfirstbank.com

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ELLA FRANKNER