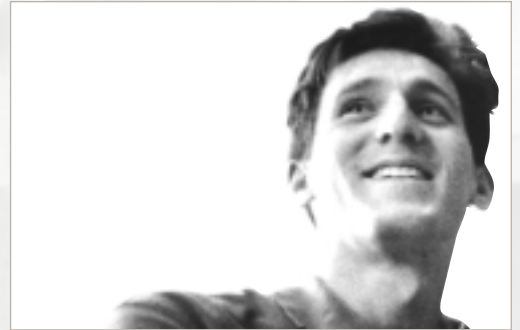


# Building Community Strength



2000 Annual Report



CITY FIRST  
BANK OF DC

A Bank for a Better Community

## **City *First* Bank of DC**

### **Mission**

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

City *First* Bank of DC is the first and only community development bank in the region. City *First* is a full-service commercial bank with a national bank charter, FDIC-insured, and recognized as a local small business by the D.C. Office of Local Business Development. Dedicated to serving and fulfilling the needs of DC's low-and moderate-income neighborhoods, City *First* offers a diverse array of deposit products, cash management services, loans and financial advisory services.

## A Message from the Chairman and the President



In the two years since *City First* Bank opened, the bank has grown into a strong organization blessed with broad community support, experienced and talented staff, and a diverse and committed Board of Directors. Even more importantly, customers have confirmed our core business philosophy — that they value and desire a community development bank dedicated to the neighborhoods of Washington, D.C.

Last year, the untimely passing of our first President, Debbi Hurd Baptist, tested the bank's organizational resilience. To honor Debbi, the Bank will inaugurate a new award — the Baptist Award — for especially notable community development activity by a *City First* customer. Debbi put her heart and soul into launching *City First*, and this award embodies her lifetime commitment to broadening economic opportunity.

Following her unexpected death, the staff and Board responded with extraordinary effort, and the Bank continued its impressive growth. Here are a few of last year's financial highlights:

- In 2000, the Bank's assets grew to almost \$36 million, and the loan portfolio grew over 120 percent to over \$15 million.
- We disbursed over \$13 million in new loans for renovating real estate, growing small businesses and expanding nonprofit and social services organizations such as churches and charter schools.
- We opened over 600 new checking and savings accounts, with over 80 percent of them coming from the city's low- and moderate-income neighborhoods.
- In mid-2000, the Bank received a \$1.5 million Bank Enterprise Award from the U.S. Treasury's Community Development Financial Institutions (CDFI) Fund for the Bank's increased community development activity.

As a result of this record, in early 2001, the Bank earned an "Outstanding" rating in its first exam under the Community Reinvestment Act. Less than 10 percent of nationally chartered banks earn this CRA rating; the rating confirms that the Bank is on the right track — making a significant contribution in the community while maintaining its standards as a high-quality financial institution.

We look forward to continuing to work with you to build this community institution.

Lloyd Smith  
Chairman

Clifton G. Kellogg  
President & CEO



vacant house is renovated...

A boarded up storefront becomes a church...

An immigrant opens a checking account... Little by little, bit by bit, City *First* is

- Sparking the comeback of Washington's inner city neighborhoods.
- Strengthening our often-overlooked communities.
- Working and thriving in the heart of the city.
- Partnering with community leaders, entrepreneurs and residents who also strive

towards these goals.

## Hard Work.

Access to credit is vital for businesses and individuals to reach their economic potential. In the Washington region, banks continue to merge, reducing customers' choices. Decision-making is increasingly automated by credit scoring systems. Headquarters move to distant cities. City *First* is a return to local, customer-by-customer work.

City *First* Bank was created in 1998 to promote investment in and strengthen the under-served communities of Washington, DC by providing credit, financial services and access to information for individuals and businesses. Since opening, we've shown that customers need and want our services so that they can do what they want to do.

## Solid Work.

Building community strength means working with sleeves rolled up. It's active. It's interactive. It means working with people, not just figures. In the end, it means building capacity within the community.

This is why City *First* works. A traditional bank will serve its customers, but we go further. We help our customers help themselves.



## The Renovator

Gregory Maison is a skilled carpenter who works in ignored neighborhoods all around Washington, DC. City *First* works right alongside him.

*"It's going to take time and work, but we're making a big difference around here."*

— Gregory Maison

Buying, rehabilitating, and renting affordable housing in neighborhoods such as Lincoln Park and Anacostia, Gregory Maison creates more affordable housing in Washington, DC communities, one property at a time. To date, City *First* has financed six \$100,000 multi-family properties Maison renovated for Section 8 tenants. Low- to moderate-income families are getting a lot out his work — and so is the City.



## We're Banking on Our Neighborhoods



As a full-service financial institution right in the center of Washington, DC, City *First* Bank offers a complete range of banking services, including loans for small businesses, nonprofits, and real estate renovations. Our deposit accounts not only promote savings, new growth and opportunities, they give interested people and organizations a direct way to support this work.

Most of City *First's* borrowers and depositors live in our target areas — the city's diverse, dynamic lower-income neighborhoods.



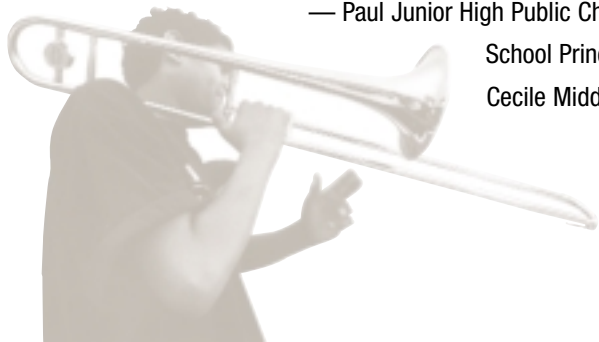
## The Educator

This vibrant classroom was previously a public junior high school. City *First* helped open its doors for more than 500 students and their families.

*“There are 500 children out there who are getting a better education now.”*

— Paul Junior High Public Charter  
School Principal,  
Cecile Middleton

Newly chartered for the 2000-2001 school year, Paul Junior High Public Charter School aimed to serve low- to moderate-income families in Northwest. But it hadn't finalized its lease in time to apply for DC government funding. So the school turned to City *First*. City *First* offers expertise in charter school financing and a commitment to education in the City, and the Bank put together almost \$500,000 in funding so that Paul Junior High could cover its initial operating costs to open on time in September.



## A Financial **Partner** with **Ambitious Goals**



*City First* works as a financial partner with community development organizations and neighborhood residents. We help small businesses, apartment rehabbers, community leaders — all people who share in our vision:

- Establishing stable, mixed-income communities.
- Providing the range of financial services needed to upgrade housing and commercial development.
- Strengthening small local businesses.
- Supporting the financial strength of nonprofit community institutions, such as churches, charter schools and social service providers.





## The Caretaker

House of Ruth has a full array of community-based services in downtown Washington, DC — and a full service banking relationship with City First.

*“Banking should be a benefit to us, not a bother. We have to make progress with kids. It’s not just their future, it’s ours, too.”*

— House of Ruth Executive Director  
Christel Nichols

The nonprofit has provided housing and supportive services since 1976 to abused women and children in the greatest need. Today, House of Ruth serves 500 people a day, with housing, daycare, child development and more in over 13 facilities. City First has consolidated over \$750,000 in higher-interest rate mortgages and financed the purchase and renovation of buildings. City First works closely with the House of Ruth to make financial management a resource rather than a nuisance.



## The City *First* Difference

### **We're First**

The first community bank that's fully dedicated to serving the area's low- and moderate-income neighborhoods.

### **We're Right Here**

Not in a distant office tower, not in North Carolina — right where we're needed, at 2400 14th Street, Northwest, in a neighborhood shopping center.

### **We're Focused**

We concentrate on serving neighborhoods east of the Anacostia River and east of 16th Street Northwest — some 370,000 people.

### **We're Committed**

With vital expertise in banking and community development, in-depth market knowledge, plus a powerful commitment to building better communities — this goal is woven into the fabric of *City First*.

### **We're Accredited**

We earned an OUTSTANDING Community Reinvestment Act rating in our first CRA exam. *City First* is the first and only bank in DC,

Maryland or Virginia to earn certification by the Community Development Financial Institutions (CDFI) Fund of the United States Department of the Treasury as a financial institution that specializes in serving lower-income neighborhoods and is accountable to them.

### **We Think Big—And Small**

We work with community youth and provide banking education for children and their parents. We also welcome savers of modest means — more than half of our depositors have \$500 or less in their accounts.

### **We're Forward-Thinking**

With loan products for critical needs in community revitalization — construction and rehabilitation of properties, establishing and growing small businesses, and expansion of nonprofit organizations.

### **We're a Conduit**

A community development bank that leverages investments by larger regional and national financial institutions as well as socially responsible investors.



### The Pastor

When Bethel Christian Fellowship sought a permanent home in Southeast Washington, DC, it looked to *City First*.

*"I grew up here. So did many of our members, and we wanted to come back."*

— Bethel Christian Fellowship Pastor  
Ronald Miles

*City First* provided over \$200,000 in financing to acquire, rehabilitate and equip a new sanctuary building. The congregation renovated the facility, located in Old Anacostia's Main Street Historic District, a place the Pastor and many members of the congregation fondly recall from their childhoods. The fellowship is growing, too, with 40 new members baptized in the first service.



## Making **Big** Investments in **Small** Customers



City First offers low-cost and low minimum balance checking and savings accounts to encourage savings. We provide critically needed advice and information to borrowers, with a long list of referrals to community resources. Our staffers work at community gatherings opening doors, teaching, and being a positive force.

A program we're especially proud of is Youth Savers, our program to teach children and youth in our communities the value of saving and planning for their future. With as little as \$10, they can open an interest-earning savings account with no service charges.



**Maria Melendez**, who immigrated from El Salvador seven years ago, opened her first checking and savings account with *City First* in 1999. She and her sister Haydee are among the many persons using the only bank in their neighborhood, *City First*.

**Kelcie Elaine Davis**, age 7, has been a regular depositor since 1999. *City First* recruited Kelcie and other young savers from the Children's Studio School as part of Y2K—"Yes to Kids"—an initiative of Debbi Hurd Baptist, *City First's* founding president.



## Bank with *City First* and Make a Difference



With the help of visionary shareholders and depositors, entrepreneurs and neighborhood leaders, *City First* Bank will continue to do hard work, and solid work.

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

Community investing through *City First* Bank is a key element in the growth of our emerging urban markets.



## The Innovator

A street-front combination café and art house theater is revitalizing film in Washington, with *City First*'s help.

*"It's a totally new concept, but it made sense for the neighborhood. The bank loved it."*

— Visions Cinema & Café owners  
Andrew and Dawn Frank

For years, local movie patrons have wanted a theater to feature new independent and international films. Then Andrew and Dawn Frank founded Visions Cinema and Café. With its colorful lobby, sidewalk café and lounge, and two theaters — plus financing from *City First* — Visions has successfully returned independent movies to Washington and rejuvenated an empty city block.





The Office of the Comptroller of the Currency has rated City *First* “Outstanding” in meeting the credit needs of the community while maintaining safe and sound operations, including:

- an excellent record of community development lending, providing affordable housing and revitalizing neighborhoods.
- a strong record of lending to small businesses
- an excellent record of lending in low and moderate income neighborhoods, and
- virtually all of its loans within the District of Columbia.

## Growth & Performance

### Assets

As of December 31, 1998 — \$13.5 million

As of December 31, 2000 — \$35.8 million

### Loans

As of December 31, 1998 — \$0

As of December 31, 2000 — \$16.2 million

### Deposits

As of December 31, 1998 — \$5.9 million

As of December 31, 2000 — \$28.5 million

## Development Impact

### Affordable Housing Units Financed

1999 —12 units

2000 —71 units

### Jobs Created or Retained

1999 — 0

2000 — 206

### Students in Charter Schools Financed

1999 — 0

2000 — 812





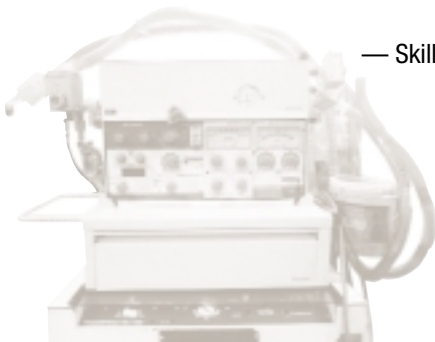
## The Entrepreneur

By providing medical services to understaffed local hospitals, SkilledCare represents the best in entrepreneurial service-delivery and in creating employment. City *First* helps.

*"City First believes in my commitment to provide quality health care professionals to hospitals in our community."*

— SkilledCare, Inc. President  
Venus Peterson

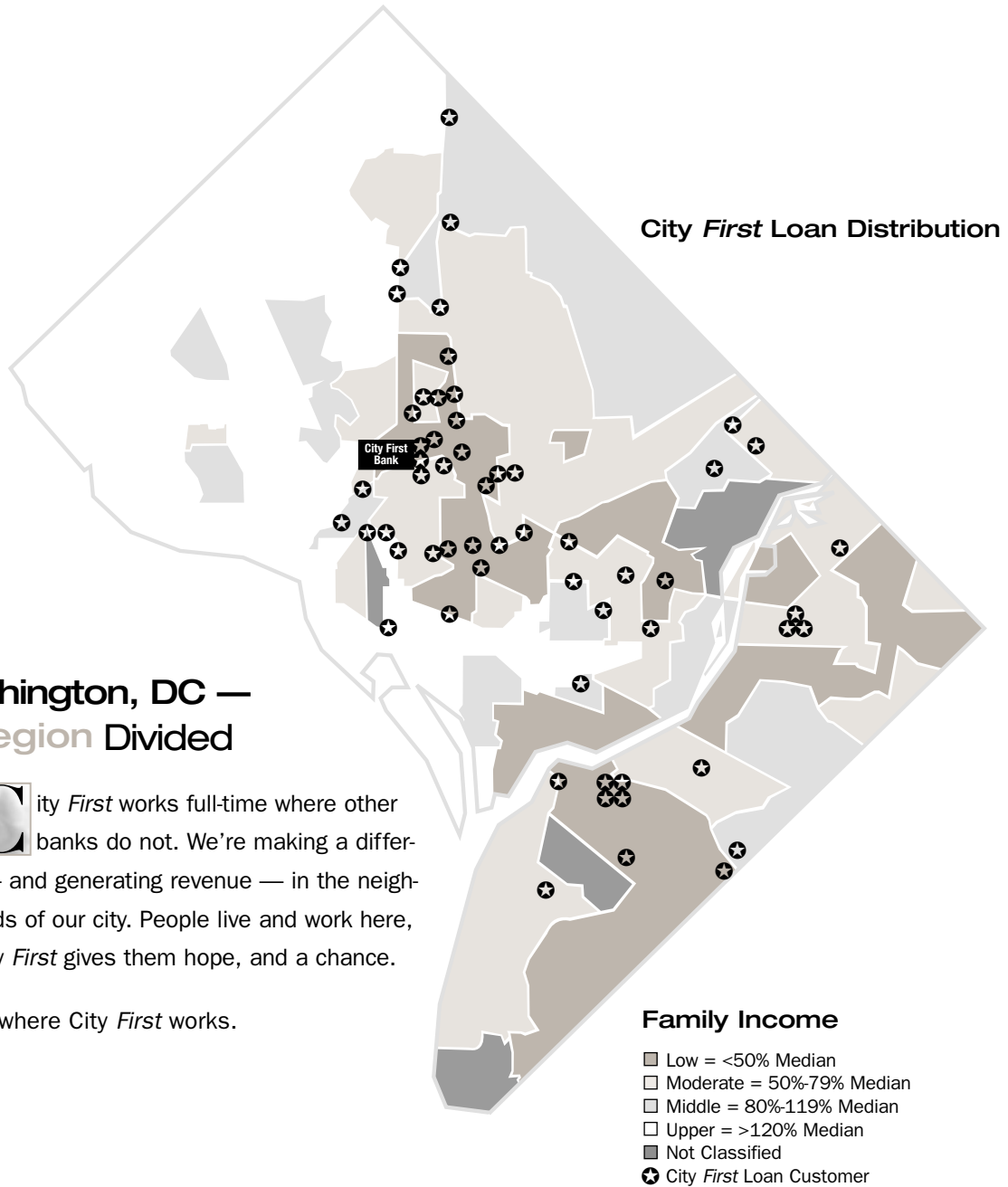
SkilledCare, Inc. supplies supplementary staffing for respiratory therapy services in area hospitals and medical facilities. The company employs professional, licensed respiratory therapists. City *First* Bank has supported SkilledCare's growth by providing a \$35,000 line of credit to finance its contracts with Georgetown Medical Center, Dimensions Healthcare System, DC General Hospital, and other local facilities.



## Washington, DC — A Region Divided

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

This is where City First works.





### Debbi Hurd Baptist, 1949-2000

She was a founder and first President of City *First* Bank, truly a community leader of extraordinary vision and energy. Debbi worked with tremendous skill and a generous spirit to develop a new type of financial institution designed to benefit people of more modest means. She was a pioneer in this field, and her achievements at The National Cooperative Bank and Freddie Mac uniquely qualified her to help launch City *First* Bank, the first bank CDFI in our nation's capital. City *First* is dedicated to making Debbi Hurd Baptist's dream come true — to offer the highest quality banking services to the overlooked, underserved people and neighborhoods in the District of Columbia.

## BOARD AND STAFF

### Board of Directors

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

Lloyd D. Smith  
Chairman, City First Bank of DC and  
Chairman, National Capital Revitalization Corporation

Janice B. Griffin  
President, Griffin & Associates

John M. Hamilton  
Chairman, Community First, Inc.

J. Roderick Heller, III  
Chairman, Carton Capital Associates and  
Vice Chairman, National Capital Revitalization Corporation

Joseph F. Horning, Jr.  
President, Horning Brothers

N. William Jarvis  
Vice President, Lockhart Group of Companies

Nicholas P. Lambrow  
Senior Vice President, Allfirst Bank

Nicole F. Mandeville  
Vice President & Treasurer, Georgetown University

David J. McGrady  
Consultant

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

George E. Murray  
President, G.E. Murray & Associates

Desa Sealy Ruffin  
Senior Vice President, Williams C. Smith & Co., Inc.

### Corporate Staff

Clifton G. Kellogg  
President & CEO

Kim D. Saunders  
EVP & Chief Lending Officer

Peggy Delinois  
General Counsel

Milton Franklin, Jr.  
Senior Vice President

Thomas A. Nida  
Senior Vice President

Douglas F. Dillon  
Vice President

Melodie R. Sanders  
Vice President

Maria R. Mojica  
Branch Manager



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BANK OF DC

Member FDIC