



PUBLIC DISCLOSURE

February 18, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

City First Bank of D.C., National Association
Charter Number: 22968

1432 U Street, NW
Washington, DC 20009

Office of the Comptroller of the Currency

400 7th Street S.W.
Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating: This institution is rated Outstanding.

The major factors that support this rating include:

- The loan-to-deposit ratio is reasonable given the Bank's size, financial condition, and business strategy;
- A substantial majority of the Bank's lending activity is within its delineated assessment area;
- The distribution of loans to businesses of different sizes reflects reasonable penetration within the assessment area;
- The geographic distribution of small business loans reflects excellent dispersion in low- and moderate-income geographies;
- The Bank's optional community development performance demonstrates excellent responsiveness to enhance credit availability in the assessment area, and provides a positive impact on the Bank's CRA performance;
- The Bank did not receive any CRA-related complaints during the evaluation period.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, improvement, and refinancing, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loans to Businesses: A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loans to Farms: A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

City First Bank of D.C., National Association (CFB, Bank, or Institution) established in 1998, is a nationally chartered commercial bank, headquartered in the District of Columbia (DC). The Bank is wholly owned by CFBanc Corporation, Inc., a one-bank holding company. CFB has one wholly-owned subsidiary, City First New Markets Advisors (CFNMA), which was created to administer the New Market Tax Credit (NMTC) transactions. At the request of management, activities of the subsidiary were considered during the evaluation.

The institution operates one full-service branch office and a deposit accepting ATM located at 1432 U Street, NW, Washington DC. The income designation of the branch has changed from a moderate-income geography to a middle-income geography as a result of updated 2015 American Community Survey (ACS) census data. Branch hours of operations are comparable to other local financial institutions. There have been no branches opened or closed, and there were no mergers or acquisitions since the last CRA evaluation.

CFB is a designated Community Development Financial Institution (CDFI). The CDFI Fund, part of the U.S. Department of the Treasury, works to increase economic opportunity and promote community development investments for underserved populations and distressed community in the United States. The Bank's mission is to support and strengthen underserved communities in Washington, DC and the surrounding suburbs.

CFB offers a full range of banking and financial services, including specialized products that are designed to support the community development mission. The Bank's primary customers are developers, small businesses and nonprofit organizations that are involved in the delivery of education, community services, or affordable housing to low- and moderate-income individuals and families. The Bank has three primary lending niches. The first is commercial real estate lending for the acquisition and renovation of affordable housing and urban retail and office locations. The second is nonprofit facility and working capital lending for day care centers, homeless shelters, charter schools, special-needs housing, and faith-based organizations. The third is small business lending including lines of credit, term loans, letters of credit, and Small Business Administration (SBA) guaranteed loans. Deposit services include various checking, savings and certificates of deposit accounts for individuals and businesses. Alternative banking services include internet and mobile banking, electronic deposit, bank by mail, bill payment, remote deposit capture, and night depository services. The Bank's Internet website, <https://www.cityfirstbank.com> provides detailed information on products and services for both consumers and businesses.

As of December 31, 2018, CFB reported total assets of \$367.1 million and Tier 1 Capital of \$31.2 million. Net loans and leases totaled \$128.8 million, representing approximately 35.1 percent of total assets. The loan portfolio is comprised of 69.7 percent residential real estate mortgages, 15.9 percent commercial loans, 16.4 percent other loans and

leases and less than one percent individual loans. As of the same date, deposits totaled \$288.7 million.

There are no financial or legal impediments to hinder CFB's ability to help meet the credit needs of the communities it services. The Bank received an "Outstanding" rating under the "Small Bank" rating criteria at the previous CRA evaluation, dated June 30, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

CFB was evaluated under the Small Bank performance procedures. These procedures evaluate the Bank's performance based upon a Lending Test. The Lending Test considers the Institution's performance pursuant to the following criteria: Loan-to-Deposit Ratio Analysis; Assessment Area Concentration; Geographic Distribution; Borrower Profile; and Response to Community Reinvestment Act Complaints. The consideration and evaluation of community development activities is optional under the Small Bank examination procedures. At the Bank's request, we considered the Bank's community development loans, investments, and services extended from June 30, 2014, the date of the last CRA evaluation, through December 31, 2018.

The evaluation period for the Lending Test is from January 1, 2016 to December 31, 2018. Based on discussions with Bank management and Bank's lending strategy, CFB's primary lending product is business loans. CFB is not required to report small business lending and does not collect small business loan data; therefore, we reviewed a sample of 47 business loans from January 1, 2016 through December 31, 2018. For analysis purposes, we compared the Bank's lending performance with demographic data from the 2010 United States (U.S.) Census, the 2015 ACS U.S. Census, and 2016 and 2017 Dun and Bradstreet (D & B) Business Geodemographic data. The aggregate data for 2018 was not available at the time of our analysis. Due to updates made to the demographic information during the evaluation period, the income designation of some census tracts changed in 2017. As a result, we reviewed the 2016 loan sample separately from the 2017 and 2018 loan samples.

Refer to the table in Appendix A for more information on the scope of the review.

Data Integrity

CFB is not required to collect or report loan data for its business loans. A data integrity examination was not completed as part of the CRA evaluation. We verified that community development loans, investments, and services submitted by Bank management met the regulatory definition for community development. Items submitted by the Bank that met the definition or purpose of community development were considered.

Selection of Areas for Full-Scope Review

CFB has one assessment area that includes all 179 census tracts located in Washington, DC. These 179 census tracts are located within the Washington-Arlington-Alexandria, DC-MD-VA-WV MSA (MD 47894), which is part of the Washington-Arlington-Alexandria, DC-MD-VA-WV (MSA 47900). We performed a full-scope review of this assessment area.

Please refer to the table in Appendix B that provides demographic data for the assessment area.

Ratings

The Bank's overall rating is based solely on the full-scope review of its one assessment area.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution or any affiliate whose loans have been considered as part of the institution's lending performance has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

CFB's overall CRA performance is "Outstanding" given the Bank's satisfactory lending performance, augmented by outstanding community development activities. The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. A substantial majority of the Bank's lending activity is within its delineated assessment area. The distribution of loans to businesses of different sizes reflects reasonable penetration within the assessment area. The geographic distribution of small business loans reflects excellent dispersion in low- and moderate-income geographies.

In addition, as an option for the Bank, management provided us with a list of community development loans, investments and services for consideration to enhance the overall lending performance rating. The Bank's community development performance demonstrates excellent responsiveness to community development needs in its assessment area and warrant an enhancement of its satisfactory lending record to Outstanding.

Each of the areas considered in the Lending Test is described below.

Loan-to-Deposit Ratio

CFB's quarterly average net loan-to-deposit ratio (LTD) meets the standards for satisfactory performance and is reasonable given the Bank's size, financial condition, and credit needs of the assessment area. The Bank's quarterly average net loan-to-deposit ratio over the eighteen-quarter review period was 70.4 percent. During this eighteen-quarter period, this ratio ranged from a quarterly low of 47.9 percent as of December 31, 2017, to a quarterly high of 94.2 percent as of September 30, 2014. The ratio is calculated on a Bank-wide basis. The quarterly average net LTD ratio for a custom peer group of two similarly situated institutions operating in the Washington, DC area was 75.1 percent over the same period. The peer group's ratio ranged from a quarterly low of 63.9 percent to a quarterly high of 86.3 during that time period.

Lending in Assessment Area

CFB made a substantial majority of its business loans, by number and dollar volume, within the delineated assessment area, and exceeds the standard for satisfactory performance. During the evaluation period, the Bank originated 84.8 percent of the number of business loans and 85.5 percent of the dollar volume within its delineated assessment area. Analysis is limited to Bank originations and purchases and does not include any affiliate data. Refer to the following table for more information:

Table D - Lending Inside and Outside of the Assessment Area										
Business Loan sample	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
2016	7	100.0	0	0.0	7	8,436	100.0	0	0.0	8,436
2017-2018	32	82.1	7	17.9	32	22,087	81.1	5,162	18.9	27,249
Total	39	84.8	7	15.2	39	30,523	85.5	5,162	14.5	35,685

Source: Sample of 39 business loan originations from 1/1/2016-12/31/2018; Excludes affiliate

Lending to Businesses of Different Sizes

Refer to Table R in appendix C for the facts and data used to evaluate the borrower distribution of the Bank’s loan originations and purchases of small loans to businesses.

The distribution of small business loans reflects reasonable penetration of lending to businesses with gross annual revenues of \$1 million or less. In 2016, the Bank originated 44.4 percent of small business loans to businesses with gross annual revenues of \$1 million or less. This percentage is slightly lower than the aggregate at 47.6 percent and significantly lower than the percentage of small businesses at 74.3 percent.

In 2017-2018, CFB’s small business lending performance was more favorable than its performance in 2016. In 2017-2018, CFB made 69.4 percent of business loans by number to businesses with gross annual revenue of \$1 million or less, compared to 75.1 percent of such businesses operating in the assessment area. Although, this percentage is still less than the percentage of small businesses in the assessment area; it exceeded that of the aggregate, which reported 50.9 percent of its loans to small businesses.

Overall, CFB’s combined performance during 2016, 2017 and 2018 is considered reasonable given the Bank’s performance context and the competitive market for business loans across the assessment area.

Geographic Distribution of Loans

Refer to Table Q in Appendix C for the facts and data used to evaluate the geographic distribution of the bank’s loan originations and purchases of small loans to businesses.

The distribution of small business loans to businesses in low- and moderate-income geographies is excellent. The percentage of small business loans in both low- and moderate-income geographies in the assessment area significantly exceeds both the representation of businesses and the level of aggregate lending in these geographies. There were no unexplained conspicuous gaps in the Bank’s lending patterns throughout its assessment area.

In 2016, CFB originated 66.7 percent of its small business loans in low-income census tracts which significantly exceeded both the percentage of small businesses in the assessment area and the performance of aggregate lenders. The aggregate originated 11.3 percent of its small business loans in low-income tracts, while 20.6 percent of businesses operating within the assessment area are located in low-income tracts. Small business lending in moderate-income census tracts at 11.1 percent was less than the aggregate lending level and percentage of businesses located in such areas. The aggregate originated 21.2 percent of its small business loans in moderate-income tracts, while 20.6 percent of businesses operating within the assessment area are located in moderate-income tracts.

In 2017-2018, the Bank's small business lending in both low- and moderate-income geographies at 34.3 percent each, significantly exceeded aggregate data of 9.5 percent in low-income geographies, and 21.5 percent in moderate-income geographies depicting excellent performance. The Bank's performance in both low- and moderate-income geographies also significantly exceeded the demographic comparator. Business demographics data shows that 10.8 percent and 21.5 percent of small businesses are located in the low- and moderate-income tracts, respectively. As such, the Bank's lending to small businesses among geographies of different income levels exceeds the standards for satisfactory performance.

Responses to Complaints

CFB did not receive any complaints regarding its CRA performance during the evaluation period.

Community Development Loans, Investments, and Services (Optional)

In addition to the previously mentioned performance factors that are considered for every small bank CRA evaluation, Bank management elected to report qualified community development loans, investments, and services for consideration as a possible enhancement to its CRA rating. After considering performance context factors such as the Bank's capacity, assessment area, credit and community needs, the OCC determined CFB's community development activities warrant an enhancement of its satisfactory lending record to Outstanding.

CFB's primary mission is to provide financial and other services in low- and moderate-income communities in Washington, DC. The Bank targets the underserved neighborhoods east of the Anacostia River, Ward 6, Ward 7 and Ward 8, as well as other local underserved suburban communities. As a CDFI, the Bank continued to accomplish its primary mission to promote community development throughout its assessment area, and demonstrate CFB's commitment to increasing outreach efforts to low- and moderate-income communities.

Community Development Lending

The Bank's community development lending enhances the credit availability in its assessment area. CFB originated a high level of community development loans during this evaluation period. The Bank originated 42 qualified community development loans totaling \$78.2 million that directly benefited the Bank's assessment area, and six (6) qualified community development loans totaling \$14.5 million outside its assessment area. A substantial majority of the community development loans made were for affordable housing initiatives, which were identified as a critical need by community representatives. Of the 48 community development loans extended during this evaluation period, nine (9) totaling nearly \$42.9 million were through the NMTC program. This volume of community development lending is considered excellent given the size and presence of the institution in its assessment area and community lending opportunities.

Community Development Investments

The Bank's investment record enhances the credit availability in its assessment area. Qualified investments and donations were effective and responsive in helping the Bank address community credit needs in its assessment area. During the evaluation period, CFB made 92 qualified investments in the amount of \$197,000 in the form of grants and donations. These donations were to charter schools, and nonprofit organizations that provide social services, including affordable housing, youth programs, homeless centers, and education programs that support low- and moderate-income individuals and communities.

New Market Tax Credit (NMTC)

CFB leverages its commercial lending activities through strategic investments in low-income communities. During the review period, the Bank made extensive use of NMTC investments in combination with grants and community development loans. CFB was one of the first NMTC recipients and has been an industry leader since 2002. The NMTC Program is a federal tax credit that helps to fill financing needs for projects in economically distressed areas that assist growth of small businesses, create jobs, and provide services for residents. NMTC investors provide capital to community development entities (CDEs), and in exchange are awarded credits against their federal tax obligations. CDEs sell these tax credits to investors and use the funds to make debt or equity investments in entities located in qualified low-income communities. CFB employs the NMTC program to provide equity capital to projects in distressed low-income communities in Washington, DC, Maryland, Virginia, Delaware and Pennsylvania. CFB is an eight-time awardee of NMTC authority and has become the premier NMTC facility lender in the region. Through its affiliate, City First New Markets Fund II, LLC, CFB has used the program to finance a number of large-scale, transformational real estate projects that encourage distressed communities. During the evaluation period, the subsidiary deployed \$157.0 million in below-market NMTC capital to various projects in distressed low-income communities throughout the Mid-Atlantic Region.

NMTCs are considered complex due to the involvement of multiple parties and multiple layers of intricate financing, as well as the many regulatory and reporting requirements to maintain compliance for a seven-year period.

Community Development Services

The Bank demonstrates adequate responsiveness to the community development service needs in its assessment area. A majority of the Bank's community development service activities consisted of officers serving on the boards of organizations that provided community services to low- and moderate-income individuals. During the evaluation period, officers and employees provided their financial expertise or technical assistance to 17 community development organizations.

Other Loan Data

CFB provided for consideration one letter of credit totaling \$25,000 that had a qualified community development purpose. This letter of credit facilitated a project under DC's Housing Investment Platform seeking to create affordable workforce housing in a low-income geography of the Bank's assessment area. The project is in a severely distressed census tract with 56.3 percent of residents living below the poverty line.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (01/01/2016 to 12/31/2018) Investment ,Service and CD Loans (optional): (06/30/2014 to 12/31/2018)	
Financial Institution	Products Reviewed	
City First Bank of D.C., National Association	Business Loans Community Development Loans, Investments, and Services (optional)	
Affiliate(s)	Affiliate Relationship	Products Reviewed
City First Enterprises	Parent Holding Company	Small Business Loans
City First New Markets Fund II	Bank subsidiary	Community Development Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Washington-Arlington- Alexandria, DC-VA-MD (MD 47894)	Full-Scope	<i>Washington, District of Columbia</i>

Appendix B: Community Profiles for Full-Scope Areas

Table A – Demographic Information of the Assessment Area

Assessment Area: City First Bank NA 2018

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	179	32.4	16.2	16.8	30.7	3.9
Population by Geography	647,484	30.6	14.6	17.0	33.9	4.0
Housing Units by Geography	303,312	28.9	13.2	16.9	38.3	2.7
Owner-Occupied Units by Geography	112,750	17.3	15.6	20.6	45.2	1.4
Occupied Rental Units by Geography	160,640	35.4	11.6	14.8	34.5	3.7
Vacant Units by Geography	29,922	37.7	13.0	14.1	33.1	2.0
Businesses by Geography	61,023	11.3	21.1	14.9	48.4	4.3
Farms by Geography	342	15.8	14.0	19.3	48.2	2.6
Family Distribution by Income Level	118,737	35.7	14.1	14.1	36.1	0.0
Household Distribution by Income Level	273,390	35.6	15.5	15.3	33.6	0.0
Median Family Income MSA - 47894 Washington-Arlington-Alexandria, DC-VA-MD- WV MD		\$106,762	Median Housing Value			\$497,077
			Median Gross Rent			\$1,381
			Families Below Poverty Level			14.3%

Source: 2015 ACS Census and 2018 D&B Data
Due to rounding, totals may not equal 100.0
(* The NA category consists of geographies that have not been assigned an income classification.

CFB has delineated one assessment area that includes all census tracts located in the District of Columbia within the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division (MD) 47894, which is a part of the larger Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) 47900. The assessment area consists of whole geographies and does not arbitrarily exclude any low- or moderate-income geographies.

The 2015 ACS U.S. Census adjusted the income designation of some census tracts within the assessment area when compared to the 2010 U.S. Census data. With the ACS Census change, the number of moderate-income tracts decreased by eighteen, middle-income tracts increased by five, and upper-income tracts increased by nine. There were no changes to the low-income tracts. Based on the 2015 ACS Census data, the assessment area consists of 179 census tracts; 32.4 percent are low-income, 16.2 percent are moderate-income, 16.8 percent middle-income, 30.7 percent are upper-income, and 3.9 percent have not been assigned an income classification.

According to the 2017 D&B business geo-demographic data, there were approximately 61,023 non-farm businesses operating within the Bank's assessment area. Approximately 75.6 percent of the businesses have revenues less than \$1 million, approximately 8.9 percent have revenues greater than \$1 million, and revenue was not reported for approximately 15.6 percent of the businesses. Approximately 11.3 percent of businesses are located in low-income geographies, 21.2 percent are located in moderate-income geographies, 14.9 percent are located in middle-

income geographies, and 48.4 percent are located in upper-income geographies. Service industries represent the largest portion of businesses at 58.4 percent, followed by non-classifiable establishments at 10.3 percent, retail trade at 8.7 percent, finance, and insurance and real estate at 8.3 percent. In addition, 60.1 percent of businesses have four or fewer employees, and 82.9 percent operate from a single location. Additionally, 70.6 percent of businesses have gross annual revenues of \$0.5 million or less, indicating that the majority of businesses in the assessment area are very small.

Major employers and business sectors in this assessment area continue to be the federal government, technology, construction, international business, and hospitality. A sizable number of employees in the Washington, DC area work for defense and civilian contracting companies that conduct business directly with the Federal Government. The Washington, DC area is home to major research universities, think tanks, and nonprofit organizations. Additionally, the area is a top tourism destination due to numerous museums and monuments. Some of the major employers in the Washington, DC area include federal, state and local government, the military, Lockheed Martin, Corp., Northrup Grumman, and SAIC.

The competition for small business loans is intense and includes local commercial and savings banks and branches of larger regional and nationwide banks. Based upon the most recent 2017 Peer Small Business Data, there were 106 lending institutions within CFB's assessment area competing for small business applications. The top five small business loan reporters in 2017 were American Express FSB, Chase Bank USA, NA, Bank of America, NA, PNC Bank NA and Capital One Bank, NA with a combined small business loan market share of 66.8 percent. CFB is not required to publicly report small business lending data. As a result, the Bank is not captured on the small business lending market share report.

According to the Bureau of Labor Statistics, as of December 31, 2018, the unemployment rate for Washington-Arlington-Alexandria, DC-VA-MD-WV MD was 2.9 percent. As of the same date, the unemployment rate for District of Columbia was 5.4 percent. The national unemployment rate was 3.9 percent for the same time period.

According to the September 2018 Moody's Analytics data, the District of Columbia is in the late-cycle phase of its expansion, but there are few signs of fatigue. Though at full employment, the economy does not appear to be hamstrung by capacity constraints. Private employment has been fairly stable since late 2016, and federal government payrolls, though declining, are falling at a much more modest rate compared with earlier in the decade. Though still higher than in any state, the share of jobs in federal government, at 24%, is the lowest on record. At 5.6%, the jobless rate matches its prerecession nadir, but steady expansion in the labor force has kept it pinned at this level since March. Average hourly earnings are up close to 6 percent over the past year, twice the rise nationally, but labor income is lagging because payroll employment is rising more slowly than it is nationally. Subdued income trends are reflected in weaker housing trends. Home sales are holding up, but single- and multifamily housing starts are both down this year. Steady growth in high-wage, white-collar services will keep the District of Columbia an above-average performer while the public sector recalibrates. Robust population trends, along with tourism, will drive solid gains in consumer services. Longer term, DC will underperform as the need to reduce long-term budget deficits curtails federal payrolls.

As part of our analysis, we considered information from a community contact with a local nonprofit organization whose mission is to empower low- and moderate-income residents of the

Greater Washington, DC Area to take control of their finances, increase their savings, and build wealth for a better future. According to the contact, the Greater Washington, DC area is thriving, but not all residents are sharing in the region's economic prosperity. Deep contrasts exist between populations, neighborhoods, and jurisdictions and many residents feel left on the sidelines by segregation and inequity. Affordable housing remains a key need for low-income residents especially as more and more neighborhoods in the city gentrify. Despite the economic prosperity in the Washington area, residents of Wards 7 and 8 do not have access to the same level of services and amenities as other areas of the city. This includes access to supermarkets with healthy food; access to traditional financial services (e.g. bank branches), and access to health services. There is a need to increase the number of supermarkets. Currently, there are only three supermarkets that serve these two neighborhoods. As many residents do not have access to cars and have to rely upon public transportation to get to a supermarket, food insecurity is high. In addition, there is also a need to support education and job-training programs that will help low-income residents develop the skills necessary to obtain living wage jobs. Despite extremely low unemployment rates, many low-income residents lack the skills necessary to obtain higher paying jobs.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “Bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data is compiled by the FDIC and is available as of June 30th of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in each set:

Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower – Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography – The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data is not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues – Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** – The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data is not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank’s assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** – Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** – Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/assessment area.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography

2016

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
CFB AA 2016	9	8,465,830	100.00	15,910	20.6	66.7	11.3	20.6	11.1	21.2	11.9	22.2	11.7	51.7	0.0	55.3	1.8	0.0	0.4
Total	9	8,465,830	100.00	15,910	20.6	66.7	11.3	20.6	11.1	21.2	11.9	22.2	11.7	51.7	0.0	55.3	1.8	0.0	0.4

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography

2017-2018

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
CFB AA	38	22,701,862	100.00	15,647	10.8	34.3	9.5	21.5	34.3	21.5	14.8	25.7	14.8	48.5	5.7	51.6	4.4	0.0	2.6
Total	38	22,701,862	100.00	15,647	10.8	34.3	9.5	21.5	34.3	21.5	14.8	25.7	14.8	48.5	5.7	51.6	4.4	0.0	2.6

Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2016	
Total Loans to Small Businesses					Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
Assessment Area:	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
CFB AA 2016	9	8,465,830	100.00	15,910	74.3	28..8	47.6	9.5	62.2	16.2	0.00	
Total	9	8,465,830	100.00	15,910	74.3	28..8	47.6	9.5	62.2	16.2	0.00	

*Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-2018	
Total Loans to Small Businesses					Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
Assessment Area:	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
CFB AA	38	22,701,862	100.00	15,647	75.1	69.4	50.9	9.1	30.6	15.2	0.00	
Total	38	22,701,862	100.00	15,647	75.1	69.4	50.9	9.1	30.6	15.2	0.00	

*Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*