

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

CFBanc Corporation/City First Bank of DC, NA

| | | | |
|---|-------------------------------------|--|----------------------|
| Person to be contacted regarding this report: | Kimberly J. Levine - EVP, COO & CFO | RSSD: (For Bank Holding Companies) | 2697945 |
| UST Sequence Number: | 900 | Holding Company Docket Number: (For Thrift Holding Companies) | |
| CPP/CDCI Funds Received: | 5,781,000 | FDIC Certificate Number: (For Depository Institutions) | 34352 |
| CPP/CDCI Funds Repaid to Date: | 0 | Credit Union Charter Number: (For Credit Unions) | |
| Date Funded (first funding): | Sep 17, 2010 | City: | Washington |
| Date Repaid ¹ : | N/A | State: | District of Columbia |

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

| | | |
|-------------------------------------|--|--|
| <input checked="" type="checkbox"/> | Increase lending or reduce lending less than otherwise would have occurred. | Although outstanding loans increased by less than \$1 million from the receipt of CDCI funds on September 17, 2010 through December 31, 2010, approximately \$8 million in new and increased loans were originated during this time frame. |
| <input checked="" type="checkbox"/> | To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.). | Consistent with its mission, the Bank continued to provide financing to economically distressed target markets. During this period, the Bank originated loans primarily to finance small businesses, schools, health care facilities and affordable housing in low to moderate income areas. |
| <input checked="" type="checkbox"/> | Increase securities purchased (ABS, MBS, etc.). | From September 17, 2010 to December 31, 2010, the Bank purchased \$13 million in structured agency and 10 to 15 year mortgage backed securities, funded in part by CDCI capital. |

| | | |
|-------------------------------------|--|---|
| <input type="checkbox"/> | Make other investments | |
| <input type="checkbox"/> | Increase reserves for non-performing assets | |
| <input type="checkbox"/> | Reduce borrowings | |
| <input type="checkbox"/> | Increase charge-offs | |
| <input type="checkbox"/> | Purchase another financial institution or purchase assets from another financial institution | |
| <input checked="" type="checkbox"/> | Held as non-leveraged increase to total capital | Of the \$5.7 million net CDCI capital received, \$5.6 million was down-streamed to the Bank and deployed as loans and investments. The Bank's risk based capital ratio increased to 24.05% at 12/31/10 from 18.20% at 8/31/10 and will thus permit further leverage as loan demand increases. |

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

n/a

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The need to safely and effectively leverage the CDCI capital accelerated the engagement of a consultant in early 2011 to evaluate and streamline lending infrastructure to better support future loan growth.

The increased capital levels provided by the CDCI capital not only provided a greater capital cushion to weather the effects of the current economy, but also increased the Bank's legal lending limit allowing the Bank to expand its market reach and make loans which it otherwise could not.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

n/a