

2008 ANNUAL REPORT

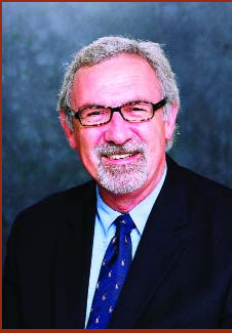
LEADERSHIP  
ADVOCACY  
INVESTMENT



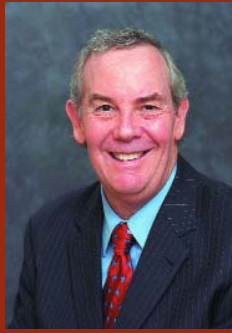
Committed To Helping Small Businesses Thrive



Small Business Finance



**Hank Cunningham**  
Chairman



**Kurt Chilcott**  
President/CEO

## Chair/CEO Message

Perseverance and commitment guided us through a challenging 2008 and will keep us focused in 2009 on being recognized as *The Leader in providing access to capital through distinctive, innovative lending products and services.*

In good and uncertain times, we remain committed to the SBA-504 program and our small business community. It's still one of the best tools for small businesses looking to grow and create new jobs in our communities.

The 504 loan is also an excellent business strategy for banks and other lending institutions to mitigate risk and generate reliable income. In FY08, our industry-leading 643 SBA-504 loans generated \$708 million in 1st trust deed financing for our lending partners.

Our commitment also extends to being a leader in economic development through unique capital solutions. We continue to develop innovative financing products and services – including our bridge loan program – that add value for the SBA, our lending partners and small businesses throughout Northern and Southern California, Arizona and Nevada.

As we aggressively move into 2009, we're determined more than ever to underscore our points of difference – expertise, reliability, experience and extraordinary service. And we remain committed to demonstrate leadership in our industry and communities. Onward!

## BOARD OF DIRECTORS AND OFFICERS

### OFFICERS

**HANK CUNNINGHAM**  
CHAIR  
Community Redevelopment Consulting

**ALAN MITTLEMAN**  
VICE CHAIR  
President & CEO  
Custom Logos

**BILL SOMMER**  
TREASURER  
Regional Director/Senior Vice President  
Zions Bank

**DAN E. WILKENS**  
SECRETARY  
Executive Vice President  
Port of San Diego

**ROBIN ZIMPFER**  
ASSISTANT SECRETARY  
Assistant County Executive Officer  
Riverside County Economic Development  
Agency

**KURT CHILCOTT**  
President and Chief Executive Officer  
CDC Small Business Finance

### DIRECTORS

**ALAN AIELLO**  
Principal  
Evergreen Wealth Management LLC

**RICK BENITO**  
Senior Vice President  
Bank of America

**KRISTINE CHUNG**  
Executive Vice President  
Security Bank of California

**JOAN EARHART**  
Senior Vice President/SBA Manager  
Business Community Capital

**DON A. HOLBROOK**  
Partner  
The Vercitas Group

**JANE McVEY**  
Director, Economic Development  
City of Oceanside

**FRANK MINEGHINO**  
Vice President, SBA Lending  
Wells Fargo Bank

**TORY NIXON**  
Executive Vice President  
San Diego Division President  
California Bank & Trust

**TYLER ORION**  
Chair  
CONNECT Foundation

**KEVIN PALMER**  
Assistant Development Director (Interim) City  
of Riverside

**GEORGE RAMIREZ**  
Market President  
Union Bank of California

**WAYNE SCHELL**  
President and CEO  
California Association for Local Economic  
Development

**MICHAEL STULL**  
Director  
Inland Empire Center for Entrepreneurship  
California State University/San Bernardino

**STEVEN STULTZ**  
President  
Stultz Financial

**THOMAS TOPUZES**  
President and CEO  
Thomas Topuzes and Associates, LLC

**GARY YOUMANS**  
Banking Consultant

**FY08  
HIGHLIGHTS  
CDC by the  
Numbers**

**\$1.2 billion**

Total real estate financing provided

**\$765 million**

Total 1st-trust deed capital generated via CDC-partner projects

**10,879**

Total jobs created and preserved with small businesses in California, Arizona and Nevada

**\$405 million**

Total financing provided to 188 minority-owned small businesses in the form of 504 loans, Direct Capital 504 “look-alike” loans and New Market Tax Credit (NMTC) capital

**\$44.1 million**

Total financing provided to 23 veteran-owned small businesses via 504, Direct Capital 504 and NMTC loans

**\$181 million**

Total financing provided to 98 women-owned small businesses via 504, Direct Capital 504 and NMTC loans

**\$59 million**

Total NMTC capital provided to small businesses in low-income urban communities

SBA-504 Nat'l Ranking	CDC Name	FY08 # Loans	FY08 \$ Amt Loans
1	CDC Small Business Finance	639	\$457,191,000
2	Florida Bus. Dev. Corp.	439	\$238,609,000
3	EDF Resource Capital	385	\$282,950,000
4	TMC Dev. Corp.	275	\$197,812,000
5	Empire State CDC	274	\$177,721,000

FY08 National CDC Rankings, SBA-504 Approvals – published by NADCO

**OTHER  
HIGHLIGHTS**

- Expanded our California services by opening an office in the Bay Area
- Broadened our products to include bridge loans and achieved a new record in Direct Capital 504 “Look-Alike” loan volume
- Launched new website, providing value-added information for lending partners – [www.cdcloans.com](http://www.cdcloans.com)
- More than doubled SBA Microloan production

## CALIFORNIA HIGHLIGHTS

We increased our market share in three of the four major markets we service. Our biggest gain was in San Diego, where we extended our market share to 74.5%. We also expanded our market share in Sacramento and Los Angeles. Lender demand for our services convinced us to open an office in yet another major metropolitan area – the Bay Area.

**\$1.28 billion**

Total real estate financing provided

**\$671 million**

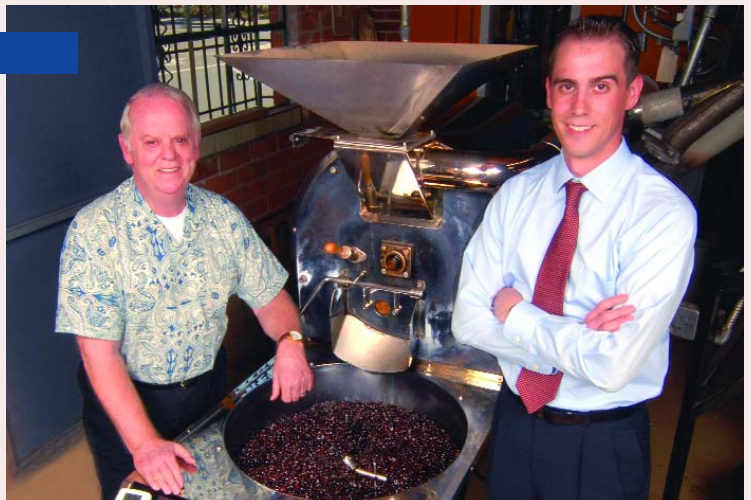
1st-trust deed capital via CDC-partner projects

**10,091 Jobs**

Created and preserved

### Brewing More Business

Tom Ryan (left), with the help of Tim West of Wells Fargo Bank, partnered with CDC to purchase a \$935,000 building for his family's award-winning, specialty coffee business. The SBA-504 financed project allowed Ryan Bros. Coffee to create/preserve 15 jobs in Barrio Logan, a redevelopment area of San Diego.



**Top Lending Partners**  
 Bank of America • Wells Fargo  
 California Bank & Trust  
 Business Community Capital  
 Premier Commercial Bank

*"SBA 504 LENDING ON COMMERCIAL AND INDUSTRIAL PROPERTY ACQUISITION PRESENTS OUR BORROWERS WITH FINANCIAL FLEXIBILITY WHILE PROVIDING WELLS FARGO WITH A PREMIUM RISK/REWARD BENEFIT."*

*TIM WEST, MBA, CRC  
 VICE PRESIDENT  
 WELLS FARGO BUSINESS BANKING*

## MARKETS by the Numbers

### Inland Empire

**\$221 million** in total project capital  
**\$71 million** in SBA-504 loans  
**\$111 million** in 1st-trust deed capital via CDC-partner projects

### Los Angeles/Ventura

**\$482 million** in total project capital  
**\$152 million** in SBA-504 loans  
**\$260 million** in 1st-trust deed capital via CDC-partner projects

### Orange County

**\$177 million** in total project capital  
**\$56 million** in SBA-504 loans  
**\$95 million** in 1st-trust deed capital via CDC-partner projects

### San Diego/Imperial

**\$249 million** in total project capital  
**\$92 million** in SBA-504 loans  
**\$127 million** in 1st-trust deed capital via CDC-partner projects

### Sacramento

**\$108 million** in total project capital  
**\$36 million** in SBA-504 loans  
**\$55 million** in 1st-trust deed capital via CDC-partner projects

## ARIZONA HIGHLIGHTS

Adding a second loan officer to better serve our lending partners, we increased our total project financing by 11% over the prior year. With 25.9% of the Arizona market, we are now poised to become the market-leading CDC.

**\$124 million**

Total project financing provided

**\$67 million**

1st-trust deed capital via CDC-partner projects

**1,271 Jobs**

Created and preserved



### Expansion Etched in Stone

Gordy Caruk (right) knew he was just a stone's throw away from greater success. His solution? Buy his own building. Kyle Kienholz of Western National Bank coupled his resources with a CDC Direct Capital 504 "Look-Alike" loan to assemble \$1.5 million in capital that put Stone Solutions in new quarters. The thriving company employs 40 people and expects to create 40 more jobs in the near future.

#### Top Lending Partners

Wells Fargo  
Bank of America  
Valley Capital Bank

*"504 LOANS HAVE ALLOWED US TO MINIMIZE RISK AND BENEFIT FROM A RELIABLE INCOME STREAM."*

**KYLER H. KIENHOLZ**  
ASSISTANT VICE PRESIDENT  
WESTERN NATIONAL BANK

## NEVADA HIGHLIGHTS

Less than a year in the market, CDC has already made a significant impact, growing our market share by more than 13% from FY07 to FY08. Lenders are realizing they have greater choice and expertise available for 504 financing.

**\$47 million**

Total project financing provided

**\$25 million**

1st-trust deed capital via CDC-partner projects

**244 Jobs**

Created and preserved

#### Top Lending Partners

Bank of America  
Bank of Nevada

*"THE 504 PROGRAM GIVES ME ONE MORE VIABLE, ATTRACTIVE WAY TO PROVIDE MY CLIENTS WITH NEEDED CAPITAL AND THEREBY STRENGTHEN CUSTOMER LOYALTY TO OUR BANK."*

**GUY CHAFFEE, VICE PRESIDENT, NEVADA STATE BANK**

### A Clear View of Success

Brian Retke (foreground) views success through a window pane – a spotless one. He purchased a \$711,000 building for his growing Window Masters business with SBA-504 financing from CDC, packaged with a conventional loan from Guy Chaffee (in reflection) of Nevada State Bank. Steady expansion has allowed Brian to retain his 23-person workforce.



## Strategic Reinvestment in Communities

During 2008, CDC Small Business Finance developed a formal reinvestment strategy based on its history of Leadership, Advocacy and Investment. CDC has always been driven by its mission to deliver unique capital solutions and make a difference in the communities it serves.

### Leadership

CDC has historically demonstrated leadership on a national and local level. Whether serving on the boards of directors of the National Association of Guaranteed Government Lenders (NAGGL), the California Economic Development Lending Initiative (CEDLI) or the City Heights Community Development Corporation, CDC is committed to making a difference by giving back via industry and community leadership.

### Advocacy

Whether it is meeting with elected officials in Washington D.C., testifying to the benefits of SBA programs in congressional meetings or championing changes to SBA policy and regulation to provide greater access to capital for small businesses, CDC continues its work advocating for small businesses and the programs that benefit them.

### Investment

CDC invests its time and resources to benefit other organizations and programs that contribute to our economic development mission. In 2008, CDC invested \$500,000 in a non-profit, venture capital fund development organization managed by Pacific Community Ventures (PCV). PCV develops and invests in businesses providing economic gains to low/moderate income (LMI) communities in California. CDC also continued its investment in the Arthur H. Goodman Scholarship Endowment Fund, which provides financial assistance to dynamic community-minded women and minority students transitioning from community college to four-year universities.

Additionally, CDC contributed over \$100,000 to non-profits and organizations in the communities it serves. These included the Diamond Business Improvement District, Casa Familiar, several chambers of commerce and economic development corporations.

#### 2008 Community Loan Highlights

Includes SBA Microloans, 7(a) loan packaging and financing from San Diego Bankers Small Business CDC and Southern California Reinvestment CDFI:

**114** fundings

**\$6.6** million in total capital provided

**669** jobs created and preserved

**79%** of all loans were made to women-, minority- or veteran-owned small businesses



#### 2008 Technical Assistance Benefactors

CDC's Technical Assistance Program fielded over 1,300 loan inquiries and reviewed more than 400 loan requests. The following institutions provided financial support to this program:

Bank of America • Citibank • Comerica Bank  
Union Bank of California • U.S. Bank

### Green for Green

Gerry D'Onofrio (left), owner of Legacy Fibers International, has taken what people throw away and turned it into a successful recycling business. Needing capital for large recycling equipment, he secured a \$200,000 loan from San Diego Bankers Small Business



CDC, a multi-bank consortium administered by CDC Small Business Finance and chaired by Mark Lee (right) of California Bank & Trust.

**Our 2008  
Top-Volume  
Lending Partners**



**We're also proud to have partnered in FY08  
with the following exemplary lenders:**

- Alliance Bank
- American Security Bank
- Americas United Bank
- Arizona Bank & Trust
- Banco Popular North America
- Bank of Amador
- Bank of Escondido
- Bank of Nevada
- Bank of the West
- Beach Business Bank
- Borrego Springs Bank
- California Community Bank
- Canyon National Bank
- Center Bank
- CIT Lending Services Corporation
- Citibank
- Citizens Bank of Northern California
- Citizens Business Bank
- Comerica Bank
- Community 1st Bank
- Community South Bank
- Compass Bank
- Del Mar Commercial Finance
- Desert Commercial Bank
- Discovery Bank
- East West Bank
- Excel National Bank
- Farmers & Merchants Bank
- First Business Bank
- First Midwest Bank
- First National Bank of Arizona
- First Pacific Bank of California
- First Vietnamese American Bank
- Five Star Bank
- Fullerton Community Bank
- Gateway Business Bank
- GBC International Bank
- General Electric Capital Corporation
- Heritage Oaks Bank
- IronStone Bank
- M&I Marshall & Ilsley Bank
- Mercantile Commercial Corp.
- Merchants Bank of California
- Metro United Bank
- MetroPacific Bank
- Midwest Bank
- Mission Oaks National Bank
- Mission Valley Bank
- Mojave Desert Bank
- National Bank of Arizona
- National Bank of California
- Neighborhood National Bank
- Nevada State Bank
- North Island Federal Credit Union
- Pacific Capital Bank
- Pacific Commerce Bank
- Palm Desert National Bank
- Placer Financial Group
- Plumas Bank
- Premier Financial Enterprises
- Premier Service Bank
- Provident Savings Bank
- Rabobank
- Regents Bank
- Reliance Bank
- Ridgestone Bank
- San Diego County Credit Union
- San Diego National Bank
- Seacoast Commerce Bank
- Security Bank of California
- Security Business Bank of San Diego
- Security Pacific Bank
- Sonoma National Bank
- Sonoran Bank
- Spectrum Bank
- Spectrum Commercial Lending
- Temecula Valley Bank
- The Bank of Las Vegas
- U.S. Bank
- Union Bank of California
- UPS Capital Business Credit
- US Metro Bank
- Valley Capital Bank
- Wachovia Commercial Mortgage
- Wachovia Small Business Capital
- Zions Bank



LEADERSHIP / ADVOCACY / INVESTMENT

The Leader in providing access to capital through distinctive and innovative lending products and services

### **CALIFORNIA**

#### **San Diego Region**

2448 Historic Decatur Rd, Ste. 200  
San Diego, CA 92106  
toll free: 800.611.5170  
phone: 619.291.3594  
fax: 619.291.6954

#### **Inland Empire Region**

1650 Iowa Ave, Ste. 150  
Riverside, CA 92507  
toll free: 800.611.5170  
phone: 951.352.5730  
fax: 951.352.5737

#### **Orange County Region**

2390 E. Orangewood Ave. Ste. 560  
Anaheim, CA 92806  
toll free: 800.611.5170  
phone: 714.550.5444  
fax: 714.550.5434

#### **Sacramento Region**

1545 River Park Dr., Ste. 530  
Sacramento, CA 95815  
toll free: 800.611.5170  
phone: 916.565.8100  
fax: 916.925.5593

#### **Bay Area**

95 S. Market St., Ste. 300  
San Jose, CA 95113  
toll free: 800.611.5170  
phone: 866.933.4232  
fax: 866.934.4232

#### **Los Angeles/Ventura Region**

80 S. Lake Avenue, Ste. 528  
Pasadena, CA 91101  
toll free: 800.611.5170  
phone: 626.529.0700  
fax: 626.229.0860

### **ARIZONA**

#### **Phoenix**

2910 E. Camelback Road, Ste. 185  
Phoenix, AZ 85016  
toll free: 800.611.5170  
toll free: 800.817.4505  
fax: 602.393.2682

### **NEVADA**

#### **Las Vegas**

6053 South Fort Apache Rd., Ste. 110  
Las Vegas, NV 89148  
toll free: 800.611.5170  
phone: 866.674.9240

[www.cdcloans.com](http://www.cdcloans.com)  
800.611.5170

### **CDC Mission Statement**

We champion the growth of diverse small companies in our communities by drawing on our unparalleled expertise in delivering unique capital solutions.

We exceed the expectations of our partners through teamwork, integrity and creativity.

We make a difference in the communities we serve through unwavering advocacy and reinvestment.