

PUBLIC DISCLOSURE

November 9, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citicorp Trust Bank, FSB
4500 New Linden Hill Road
Wilmington, DE 19808
Docket #: 14470**

**Office of Thrift Supervision
Southeast Region
1475 Peachtree Street, N.E.
Atlanta, GA 30309**

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, nor should it 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.



Office of Thrift Supervision
Department of the Treasury

Southeast Region

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May 6, 2010

Board of Directors
Citicorp Trust Bank, FSB
4500 New Linden Hill Road
Wilmington, Delaware 19808

Members of the Board:

Enclosed is your institution's written Community Reinvestment Act (CRA) Performance Evaluation. The Office of Thrift Supervision (OTS) prepared the evaluation as of November 9, 2009. Pursuant to the provisions of the CRA and OTS regulations (12 C.F.R. 563e), your institution must make this evaluation and your institution's CRA rating available to the public.

In accordance with 12 C.F.R. 563e, your institution must make this written CRA Performance Evaluation available to the public within 30 business days of receiving it. You must place the evaluation in your CRA public file at your home office and at each branch within this time frame. You may not alter or abridge the evaluation in any manner. At your discretion, you may retain previous written CRA Performance Evaluation(s) with the most recent evaluation in your CRA public file.

Your institution may prepare a response to the evaluation. You may place the response in each CRA public file along with the evaluation. In the event your institution elects to prepare such a response, please forward a copy of it to this office.

All appropriate personnel, particularly customer contact personnel, need to be aware of the responsibilities that the institution has to make this evaluation available to the public. Consequently, we suggest that your institution review internal procedures for handling CRA inquiries, including those pertaining to the evaluation and other contents of the CRA public file.

We strongly encourage the Board of Directors, senior management, and other appropriate personnel to review this document and to take an active interest and role in the CRA activities of your institution.

Sincerely,

Valorie Owen
Compliance Review Examiner V

Enclosure

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Citicorp Trust Bank, FSB. The Office of Thrift Supervision (OTS) prepared the evaluation as of November 9, 2009. OTS evaluates performance in assessment area(s) delineated by the institution rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. OTS rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

INSTITUTION'S CRA RATING: Citicorp Trust Bank, FSB is rated “Outstanding record of meeting community credit needs.”

Citicorp Trust Bank, FSB (“CTB” or “the institution”) originates debt consolidation mortgage refinance loans nationwide for customers of affiliate Primerica Financial Services. CTB did not originate any small business or small farm loans during the review period. The institution offers private label credit cards with retail merchants of furniture, large appliances and flooring, but did not request that OTS review its consumer loan activity for this evaluation, and OTS determined that the activity did not constitute a significant enough portion of total lending to require review. Therefore, the Lending Test in this evaluation is based on CTB’s performance relative to its origination and purchase of Home Mortgage Disclosure Act (HMDA)-reportable loans and its community development lending.

OTS evaluated CTB’s lending within its assessment area. After determining that this performance was adequate, OTS then analyzed the borrower-income distribution of the institution’s HMDA-reportable lending in 13 other markets around the nation in which it conducts a substantial volume of lending, as well as CTB’s community development lending in the Broader Statewide or Regional Area. OTS concluded that CTB’s performance under the Lending Test was outstanding. The level and complexity of the institution’s qualified investments was also outstanding, with a significant volume of current period investments supplementing investments from prior periods. CTB continues to be a leader in providing community development services, resulting in an outstanding rating in the service test, although the institution does not offer deposit accounts and has no retail bank branches.

A summary of CTB’s performance is presented below:

Lending Test – Outstanding

- As of September 30, 2009, approximately 98.3 percent of CTB’s total assets were comprised of loans, and 82.0 percent of assets were permanent residential mortgage loans.
- For 2007 and 2008, CTB’s lending volume approximated 38.8 percent of average total assets on an annualized basis.
- CTB’s lending volume as a percent of total assets exceeded the peer group median in both 2007 and 2008.
- CTB supplemented its mortgage loan originations by purchasing mortgage loans in its assessment area from an affiliate.

Institution (continued)

- Although just slightly over 1 percent of the institution's loans were made to borrowers within its assessment area, the volume of assessment area lending was deemed reasonable considering the institution's lending structure versus that of its competitors within the assessment area.
- The percentages of CTB's assessment area loans in low- and moderate-income census tracts exceeded peer and demographic benchmarks.
- CTB made or purchased loans in 70 percent of the low-income census tracts within its assessment area, and 100 percent of the moderate-income tracts.
- The percentages of CTB's assessment area loans to low- and moderate-income borrowers compared well to the peer and demographic benchmarks.
- CTB's borrower-income distribution within the 13 targeted markets outside of the assessment area was strong relative to peer lending and demographic benchmarks.
- CTB did not originate any mortgage loans under products specifically targeting LMI borrowers.
- CTB was a leader in making community development loans; \$22.3 million in the assessment area, and another \$301.9 million in the Broader Statewide or Regional Area.

Investment Test – Outstanding

- CTB's volume and innovativeness of qualified investments remained strong during the review period.
- The institution utilized its relationships with nonprofit community development organizations to make meaningful grants within the assessment area and the Broader Statewide or Regional Area.
- The institution made large investments in housing bonds and Low Income Housing Tax Credits (or related funds), as well as New Market Tax Credit projects.
- CTB's qualified investments totaled \$272.1 million for the period between January 1, 2007 and November 9, 2009.

Service Test – Outstanding

- The institution does not offer retail deposit accounts and has no retail bank branches or ATMs.
- CTB personnel provided leadership on major community development, affordable housing, and financial education initiatives, and provided a high level of community development services within the assessment area and the Broader Statewide or Regional Area.
- CTB employees have been active members of boards and committees of numerous community development nonprofits, including chairmanship and other roles with considerable responsibility.
- Institution personnel have developed and conducted financial education classes on numerous occasions, in partnership with community development organizations.
- CTB personnel have served on several task forces that addressed affordable housing and other issues impacting low- and moderate-income persons in the assessment area.

Institution

Lending, Investment, Service Test Table

Table 1 indicates the performance level of Citicorp Trust Bank, FSB, with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Table 1 - Citicorp Trust Bank, FSB 11/09/2009		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

Description of Institution

CTB is a wholly owned subsidiary of Citigroup Inc. (Citi), a multi-national financial services company headquartered in New York, New York. With around 200 million customer accounts in more than 100 countries, Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, insurance, securities brokerage and wealth management. Major brand names under Citigroup’s trademark include Citibank, CitiFinancial, Primerica and Banamex. Citigroup had assets of \$1.9 trillion as of September 30, 2009. Citi suffered large losses during the 2008 global financial crisis. As a result, the United States government provided Citi with emergency funds in November 2008, which were later converted into an equity stake in the company. Citigroup’s U.S. competitors include Bank of America, JP Morgan Chase and Wells Fargo. Citigroup was formed from one of the largest mergers in history, by combining banking giant Citicorp and financial conglomerate Travelers Group in 1998. Travelers Bank & Trust, FSB, chartered by OTS in November 1997, was renamed Citicorp Trust Bank, FSB in August 2002.

CTB is a federal stock savings bank headquartered in Wilmington, Delaware. The institution has no branches and no retail deposit accounts; just brokered deposits through Morgan Stanley Smith Barney. Other funding sources include the Federal Home Loan Bank of Pittsburgh and Citigroup inter-company borrowings. CTB is a nationwide lender of fixed rate first and second mortgage refinance loans for the purpose of debt consolidation. The institution also offers private label credit cards with retail merchants of furniture, large appliances and flooring.

Institution (continued)

CTB does not depend on a traditional branch delivery system to originate mortgage loans. Loan applications are generated by a network of independent representatives of an affiliated company, Primerica Financial Services Home Mortgages, Inc. (PFS). PFS representatives are located throughout the United States. Approximately 77,000 PFS representatives are licensed and/or qualified to offer mortgage loans. They offer “\$.M.A.R.T.” (Save Money and Reduce Taxes) mortgage loans as part of a debt reduction and equity-building financial services package that includes cross selling of insurance, investment, and loan products offered by Citigroup affiliates and non-affiliates. PFS representatives do not have specific geographic territories and do not rely on clients visiting an office or responding to direct mail or newspaper advertising. Instead, they identify clients through face-to-face presentations and referrals. They complete a financial needs analysis for applicants in order to recommend debt reduction, income protection, and equity-building strategies. Many of CTB’s borrowers have impaired credit, and \$.M.A.R.T. loans apply risk-based pricing accordingly.

PFS representatives forward completed loan applications to CTB for review and approval. At the beginning of the CRA review period, there were five loan processing offices, called \$.M.A.R.T. Solution Centers, that accepted and processed the applications. These have been consolidated into two offices, in Texas and Nevada. In addition, CTB has a facility in Dallas, Texas, that is responsible for the solicitation of the existing customer base for refinancing. None of these offices is considered a retail banking office. CTB also makes direct mortgage loans to residents of its assessment area out of its office in Wilmington, Delaware, using direct mail solicitation. At the beginning of the CRA review period, CTB serviced its own portfolio of mortgage loans. During the review period, the servicing function was transferred to affiliate CitiMortgage.

CTB’s private label credit card operations involve financing consumer purchases of large ticket products or services from specific small to mid-size retailers in select industries. The industries include furniture, flooring, appliance/electronics, and heating/air conditioning contractors. Private label credit card operations are performed within a Citigroup division known as Citi Retail Services, headquartered in Baltimore, Maryland. Citi Retail Services also manages other consumer lending activities within Citigroup. CTB did not collect the optional consumer loan data nor elect to have these credit card loans considered by OTS for this CRA evaluation, nor did these loans represent a significant majority of outstanding loan balances.

As of September 30, 2009, CTB’s total assets were \$18.6 billion, compared to \$20.3 billion on December 31, 2006, when the previous CRA evaluation was conducted. Total assets for each review period year-end were: \$18.9 billion (2007); and \$21.3 billion (2008). Table 2 below indicates the dollar amount, percentage to total loans, and percentage to total assets, of each loan category.

Institution (continued)

Table 2 - Citicorp Trust Bank's Investment in Loans (9/30/2009 Thrift Financial Report)			
Loan Category	Amount (\$000's)	Percent of Total Loans	Percent of Total Assets
Residential Mortgage	\$15,218,147	83.4%	82.0%
Consumer Loans	3,035,586	16.6%	16.4%
Total	\$18,253,733	100.0%	98.3%

There were no commercial loans or non-residential mortgages in the institution's portfolio at September 30, 2009. CTB did no small business or small farm lending during the review period.

HMDA data for calendar years 2007 and 2008 was used to evaluate CTB's mortgage lending activity. The institution made or purchased 9,080 home improvement loans and 44,238 refinancing loans. Only 391 of these 53,318 loans were purchased while 52,927 (99.3%) were originated by the institution. CTB did not make any mortgages used to purchase a home during the review period. Because CTB made no home purchase loans, the HMDA lending data evaluated under the Lending Test is compared to only the refinance and home improvement loan activity of aggregate HMDA reporters. Based on CTB's lending activity, we further filtered the comparative aggregate lending activity down to conventional loans secured by one-to-four family properties.

Community development lending activity and qualified investment activity is largely carried out by Citi Community Capital, an affiliate specially created for that purpose. The Citi Foundation carries out community development grants. Citigroup's centralized CRA/Fair Lending Data Analysis Unit (the unit) works with Citi Community Capital, Citi Foundation, and the affiliated financial institutions, including CTB, to set goals for community development lending and investments that take into account each institution's asset size, local deposit base, available market opportunities, and local employee base. The unit also helps develop qualified community development service programs, and monitors delivery of credit, investments and services in CRA assessment areas, with particular focus on LMI communities and borrowers. Each year, the unit also sets goals for HMDA-reportable lending for each affiliated financial institution.

Description of CTB's Assessment Area

CTB's assessment area consists of New Castle County, Delaware, and Cecil County, Maryland. These counties make up a major portion of the Wilmington, DE-MD-NJ Metropolitan Statistical Area (MSA) where the institution's headquarters is located. Based on 2000 Census data, this assessment area contains 143 census tracts (or geographies). Table 3 illustrates the assessment area's demographic data, based on 2000 Census data.

Institution (continued)

Table 3 - Demographic Data for Citicorp Trust Bank's Assessment Area (Based on 2000 U.S. Census Data)						
New Castle County, DE and Cecil County, MD						
	TRACT INCOME LEVEL					
		Total	Low	Moderate	Middle	Upper
Census Tracts ¹	#	142	10	25	75	32
	%	100.00%	7.0%	17.6%	52.8%	22.6%
Population By Location	#	586,216	20,852	97,895	329,493	137,976
	%	100.00%	3.6%	16.7%	56.2%	23.5%
Families by Tract Income Level	#	151,347	4,190	23,966	84,965	38,226
	%	100.00%	2.8%	15.8%	56.1%	25.3%
% Below Poverty Level	%	5.6%	33.3%	11.8%	4.2%	1.7%
Housing Units By Census Tracts	#	233,982	8,112	41,185	130,787	53,898
	%	100.00%	3.5%	17.6%	55.9%	23.0%
Average Housing Units/tract	#	1,648	811	1,647	1,744	1,684
% Owner Occupied²	%	66.6%	25.0%	50.9%	68.5%	80.4%
% Renter Occupied	%	27.5%	60.0%	40.6%	25.8%	16.6%
% Vacant	%	5.9%	15.0%	8.5%	5.7%	3.0%
Average Owner Occ Units/tract	#	1,098	202	839	1,194	1,354
Median Housing Value	\$	\$136,637	\$66,204	\$93,889	\$125,291	\$207,434
Median Age of Housing	#	21	38	32	18	17

The total population in the assessment area reached 629,567 in 2008, a growth of 7.4 percent since 2000. New Castle County's population grew 5.9 percent during this period while Cecil County's population grew 16.3 percent.

According to year 2000 Census data, 36.6 percent of the families in the assessment area are classified as LMI and 5.6 percent of the families have incomes below the poverty level. The Department of Housing and Urban Development (HUD) annually adjusts the 2000 Census data to update the income levels. The adjusted figures are used in the Borrower Characteristics section of this Performance Evaluation.

¹ Does not include one census tract with no population, no housing units, and not classified as to income level.

² As a percentage of all housing units in each income level bracket.

Institution (continued)

Table 4(a) indicates the median family income ranges of each income category based on the 2007 and 2008 HUD adjusted median family income; table 4(b) reflects the updated HUD median family income for each year during the review period (and also presents year 2000); and table 4(c) shows the distribution of families (based on 2000 census data) in each income range of the assessment area.

Table 4(a) - Median Family Income Ranges (*) Wilmington, DE-MD-NJ MSA		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$36,949
Moderate (50% - <80%)	\$36,950	\$59,119
Middle (80% - <120%)	\$59,120	\$88,679
Upper (>= 120%)	\$88,680	+

* Based on HUD 2007-2008 Median Family Income for the MSA

Table 4(b) - Annual HUD Median Family Income	
Year	Wilmington, DE- MD-NJ MSA
2000	\$60,622
2007	\$73,900
2008	\$73,900
2009	\$78,900

Table 4(c) - Distribution of Families in Assessment Area New Castle County, DE and Cecil County, MD 2000 Census Data		
Family Income Category (As a % of MSA Median)	Families	
	Number	Percent
Low (< 50%)	28,228	18.6%
Moderate (50% - 79%)	27,120	17.9%
Middle (80% - 119%)	36,411	24.1%
Upper (>= 120%)	59,588	39.4%
Total	151,347	100.0%

New Castle County is the most densely populated of Delaware’s three counties, and home to Wilmington, which is Delaware’s largest city. Over half of publicly traded corporations and Fortune 500 companies call Wilmington their home due to favorable state corporation laws, with franchise tax a large component of revenue for the State of Delaware (20.8% in 2008). The unemployment rate in New Castle County as of October 2009 was 8.7 percent. The county has been shifting from a manufacturing-based economy to a more service-based economy, with growth in the education, health services, leisure and hospitality sectors.

Institution (continued)

In sharp contrast to the corporate wealth concentrated in Wilmington, the city's residents have a high incidence of poverty. All of the 10 low-income census tracts within the assessment area are located in Wilmington, as well as 8 of the 25 moderate-income census tracts. The 2000 Census identified 16.8 percent of Wilmington families as below the poverty level and 38.1 percent as low-income. This compares to 5.6 percent of families in the entire assessment area below the poverty level and 18.6 percent low-income. There is a shortage of affordable housing in New Castle County to accommodate this significant lower-income segment of the population.

Cecil County is a rural county that has become a bedroom community for the cities of Wilmington, Philadelphia and Baltimore because of its location and the availability of land. This transition explains the significant growth in the county's population. Cecil county has no low- or upper-income census tracts; just 2 moderate- and 14 middle-income census tracts. The county's poverty rate as of 2007 was 9.3 percent. Cecil County is home to several large manufacturers as well as distribution warehouses for large companies. However, the majority of the residents commute outside the county for work. Limited public transportation makes it difficult for workers without cars to get to work. The unemployment rate in Cecil County as of October 2009 was 8.8 percent.

As is true of many areas of the country, the assessment area was significantly impacted by the economic crisis that occurred during the review period. Unemployment and foreclosure rates have increased, while public and private funding of services benefiting LMI families has been cut dramatically. The non-profit infrastructure in the assessment area is not adequate to build the affordable housing needed, and there has been a decrease in investor demand for Low Income Housing Tax Credits (LIHTCs), which has slowed the development of affordable housing.

Description of Broader Statewide or Regional Area

During the review period, CTB designated a Broader Statewide or Regional Area (BSRA) that includes its assessment area, to expand the reach of its community development lending and services, and qualified investments. The BSRA consists of the following contiguous mid- and south-Atlantic states: Delaware, the District of Columbia, Florida, Georgia, Maryland, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Virginia and West Virginia.

For this evaluation, OTS considered the institution's community development lending and services, and qualified investments benefiting state or regional organizations in the BSRA including the assessment area. Further, after determining that CTB adequately addressed the community development needs of its assessment area, OTS considered community development activities that benefited the BSRA, even if the assessment area had no direct benefit.

Institution (continued)

Conclusions With Respect To Performance Tests

As part of the CRA review, an analysis of the institution’s performance under the lending test, investment test and service test was conducted. In consideration of each test, various reviews were performed to assess the institution’s level of performance.

Lending Test

Under the lending test, OTS reviewed the institution’s lending activity within its assessment area, the geographic distribution of its loans, and the distribution of loans to borrowers of different income groups. OTS also reviewed CTB’s distribution of loans to borrowers of different income groups in additional geographic areas where the institution had substantial lending activity. Other areas reviewed included community development lending and the use of innovative and flexible lending practices to serve assessment area credit needs. CTB’s performance was considered outstanding.

Lending Activity

The following table summarizes CTB’s lending activity during the review period.

Table 5 - Citicorp Trust Bank’s Lending Volume by Loan Type in All Areas (Dollars in thousands)						
	2007	2008	Review Period 1/1/2007- 12/31/2008	% of Total Lending	% of Average Assets ³	Annualized % of Average Assets
Loan Type	\$	\$	\$	%	%	%
Permanent Mortgages: 1-4 Residential	\$4,438,320	\$3,863,700	\$8,302,020	53.0%	41.2%	20.6%
Purchased Loans: Residential	116,467	16,307	132,774	0.8%	0.7%	0.3%
Commercial Loans	72	0	72	0.0%	0.0%	0.0%
Consumer Loans	4,751,112	2,480,941	7,232,053	46.2%	35.9%	17.9%
Total Lending	\$9,305,971	\$6,360,948	\$15,666,919	100.0%	77.7%	38.8%

Table 6 below compares CTB’s lending volume during the review period to the institution’s asset-size thrift peer group⁴ nationally, based on information contained in the quarterly Thrift Financial Reports filed by all the institutions in the peer group.

³ Average assets of \$20,165,987,000 calculated on a “three point” method using the institution’s total assets at December 31 for each of the years 2006, 2007, and 2008.

⁴ Thrifts with total assets over \$5 billion.

Institution (continued)

12 Month Period End	12/2007			12/2008		
No. of S&Ls in Peer Group	33			33		
Loan Type	Institution % of Total Assets ⁵	Peer Group Median % TA ⁶	Institution Percentile Rank	Institution % of Total Assets	Peer Group Median % TA	Institution Percentile Rank
Originated 1-4 Permanent Residential Mortgages	21.8%	9.7%	68	20.5%	11.1%	70
Mortgage Purchases 1-4	0.6%	1.2%	41	0.1%	0.1%	48
Consumer Loans	23.4%	0.3%	82	13.1%	0.4%	80
TOTALS	45.8%	11.2%		33.7%	11.6%	

Tables 5 and 6 above indicate that CTB originated a strong volume of 1-to-4-family residential permanent loans and consumer loans. CTB compared well to peer group median volume in these loan types during the review period.

Lending in the Assessment Area

Table 7 below illustrates the total number and dollar amount of HMDA-reported loans originated or purchased in and outside the assessment area during the 24-month review period ending December 31, 2008. For comparison purposes, table 7 shows lending activity by each year in the review period.

Period By Year	In Assessment Area		Outside Assessment Area		Total HMDA Loans
	#	%	#	%	#
2007	320	1.1%	28,453	98.9%	28,773
2008	321	1.3%	24,224	98.7%	24,545
Total	641	1.2%	52,677	98.8%	53,318
	\$ Amt	%	\$ Amt	%	\$ Amt
2007	37,388	0.8%	4,393,773	99.2%	4,431,161
2008	43,330	1.1%	3,821,925	98.9%	3,865,255
Total	80,718	1.0%	8,215,698	99.0%	8,296,416

* Percents are based on total loans originated during applicable year

During 2008, 169 lenders⁷ reported originating or purchasing 10,270 HMDA-reportable loans for \$1.6 billion in the assessment area. CTB ranked 9th by number of loans, with 321 loans for \$43.3 million. This represented a 3.1 percent market share of the number of loans within the assessment

⁵ Total Assets at the beginning of the period (NOT Average Assets).

⁶ Peer group median subtotals and totals do not sum precisely due to the nature by which the median is calculated.

⁷ The other lenders considered in the lending test include only those regulated by the Federal Reserve, FDIC, OCC, or OTS.

Institution (continued)

area. JP Morgan Chase, Countrywide, and Wells Fargo had the biggest market shares, totaling 31.5 percent combined. A total of 24 lenders made 100 or more loans within the assessment area in 2008. Competition for assessment area loans is significant with national lenders that are domiciled in Delaware, such as CTB, seeking to fulfill CRA commitments in a limited geographic market. When factors such as branch and lending structure are considered, CTB’s assessment area penetration is considered adequate.

Geographic Distribution of Loans

Part of the lending test includes an analysis of CTB’s HMDA lending activity among geographic areas of different income levels within the assessment area. Table 8 below provides an analysis of the institution’s HMDA-reportable lending activity for each year of the review period, and compares this activity to the 2007 and 2008 aggregate HMDA reporters’ lending activity in the assessment area, and to the percentage of the total number of owner-occupied housing units in each census tract income bracket. Note that the aggregate lending percentages disclosed below and in Table 8 include only conventional loans, secured by one-to-four family properties, for the purpose of home improvement or refinancing, and originated or purchased by federally-regulated lenders subject to

Table 8 - Distribution of Citicorp Trust Bank’s HMDA-Reported Loans By Geography Income Level in the Assessment Area <i>(Dollars in thousands)</i>									
Geography Income Level	2007			2008			Review Period 1/1/07 – 12/31/08		% of Owner Occ Hsg Units
	CTB #	CTB % by #	Aggregate % by #	CTB #	CTB % by #	Aggregate % by #	CTB #	CTB % by #	%
Low	9	2.8%	1.5%	8	2.5%	1.4%	17	2.7%	1.3%
Moderate	78	24.4%	14.9%	76	23.7%	13.8%	154	24.0%	13.4%
Middle	198	61.9%	61.2%	184	57.3%	57.5%	382	59.6%	57.5%
Upper	35	10.9%	22.4%	53	16.5%	27.3%	88	13.7%	27.8%
Total	320	100.0%	100.0%	321	100.0%	100.0%	641	100.0%	100.0%
	CTB \$	CTB % by \$	Aggregate % by \$	CTB \$	CTB % by \$	Aggregate % by \$	CTB \$	CTB % by \$	%
Low	\$605	1.6%	0.9%	\$474	1.1%	0.8%	\$1,079	1.3%	1.3%
Moderate	7,742	20.7%	11.5%	8,736	20.2%	10.2%	16,478	20.4%	13.4%
Middle	24,074	64.4%	59.4%	24,673	56.9%	53.8%	48,747	60.4%	57.5%
Upper	4,967	13.3%	28.2%	9,447	21.8%	35.2%	14,414	17.9%	27.8%
Total	\$37,388	100.0%	100.0%	\$43,330	100.0%	100.0%	\$80,718	100.0%	100.0%

CRA.

CTB’s percentage of both the number of loans and dollar volume in moderate-income geographies within the assessment area far exceeded that of the aggregate HMDA reporters and the demographic benchmark. CTB’s lending in low-income geographies generally exceeded these benchmarks also, but by a lesser margin.

Institution (continued)

Table 9 below presents the dispersion of CTB’s HMDA lending among census tracts within the assessment area based upon the income designation of the tracts. This table looks at how many census tracts CTB made or purchased at least one loan in, rather than the quantity of lending in each tract income category.

Table 9 – Citicorp Trust Bank’s Residential Lending Dispersion in Assessment Area ⁸

	#	%	%	2007			2008			Review Period		
				#	%	%	#	%	%	#	%	%
Census Tract Income Level	# of Census Tracts	% of Census Tracts	% of Owner Occupied Housing Units	# of Census Tracts with Originations	% of Census Tracts with Originations	% Penetration	# of Census Tracts with Originations	% of Census Tracts with Originations	% Penetration	# of Census Tracts with Originations	% of Census Tracts with Originations	% Penetration
Low	10	7.0%	1.3%	5	4.8%	50.0 %	7	6.4%	70.0 %	7	5.5%	70.0%
Moderate	25	17.6%	13.4%	22	21.2%	88.0 %	22	20.0%	88.0 %	25	19.7%	100.0%
Middle	75	52.8%	57.5%	59	56.7%	78.7 %	61	55.5%	81.3 %	70	55.1%	93.3%
Upper	32	22.5%	27.8%	18	17.3%	56.3 %	20	18.2%	62.5 %	25	19.7%	78.1%
Total	142	100.0%	100.0%	104	100.0%	73.2 %	110	100.0%	77.5 %	127	100.0%	89.4%

Table 9 indicates that CTB originated loans in 89.4 percent of the census tracts in its assessment area over the 24-month review period. CTB achieved 70.0 percent penetration of low-income census tracts and 100.0 percent penetration of moderate-income census tracts within its assessment area.

Borrower Characteristics

Part of the lending test includes an analysis of CTB’s lending activity among borrowers of different income levels within the assessment area. Table 10 provides an analysis of CTB’s HMDA-reported lending activity for each year of the review period, and compares this activity to the 2007 and 2008 aggregate HMDA reporters’ lending activity, and to the percentage of families in each income bracket.

⁸ “Originations” includes purchased loans.

Institution (continued)

Borrower Income Level	2007			2008			Review Period 1/1/07 – 12/31/08		% of Families (2000 Census)
	CTB #	CTB % by #	Aggregate % by # ⁹	CTB #	CTB % by #	Aggregate % by # ¹⁰	CTB #	CTB % by #	%
Low	63	19.7%	9.4%	52	16.2%	9.7%	115	17.9%	18.6%
Moderate	119	37.2%	24.3%	125	38.9%	23.8%	244	38.1%	17.9%
Middle	94	29.4%	29.7%	87	27.1%	27.3%	181	28.2%	24.1%
Upper	44	13.7%	36.6%	57	17.8%	39.1%	101	15.8%	39.4%
Total	320	100.0%	100.0%	321	100.0%	100.0%	641	100.0%	100.0%
	CTB \$	CTB % by \$	Aggregate % by \$	CTB \$	CTB % by \$	Aggregate % by \$	CTB \$	CTB % by \$	%
Low	\$4,992	13.4%	5.7%	\$4,549	10.5%	5.5%	\$9,541	11.8%	18.6%
Moderate	13,258	35.5%	20.0%	14,974	34.6%	18.8%	28,232	35.0%	17.9%
Middle	12,094	32.3%	29.3%	12,260	28.3%	26.0%	24,354	30.2%	24.1%
Upper	7,044	18.8%	45.0%	11,547	26.6%	49.8%	18,591	23.0%	39.4%
Total	\$37,388	100.0%	100.0%	\$43,330	100.0%	100.0%	\$80,718	100.0%	100.0%

CTB's percentages of lending to both low- and moderate-income borrowers in the assessment area by both the number of loans and dollar volume were significantly higher than the corresponding percentages for aggregate HMDA reporters. Further, CTB's lending to moderate-income borrowers substantially exceeded the demographic benchmark. CTB's lending to low-income borrowers, when considering the number of loans made rather than dollar amount, was comparable to the demographic benchmark.

Analysis for Nationwide Lending (from selected markets)

12 CFR Section 563e.22(b)(2), (3) and (4) of the Interagency Questions and Answers regarding Community Reinvestment states that "consideration will be given for loans to low-and moderate-income persons and small business and farm loans outside of an institution's assessment area(s), provided the institution has adequately addressed the needs of borrowers within its assessment area(s)." Measured solely by assessment area loan volume, which represented only 1 percent of overall lending volume, CTB's overall lending performance would be less than adequate for a retail lending institution of its size. However, CTB bases its business strategy on a non-traditional, non-branch distribution channel designed to refinance home mortgage loans for debt consolidation and home improvement purposes for consumers nationwide. Based on the performance context, as defined in the CRA regulation, OTS considers lending outside the assessment area when an

⁹ Does not include 1,301 loans totaling \$243.2 million for which borrower income was not available.

¹⁰ Does not include 1,268 loans totaling \$246.1 million for which borrower income was not available.

Institution (continued)

institution with a nationwide business strategy performs in a satisfactory manner in its designated assessment area.

Based on the substantial percentage of loans in assessment area LMI geographies and to LMI borrowers, a leadership role in community development lending, and the reasonable volume of assessment area lending, CTB exceeded the standard for satisfactory lending performance in the assessment area. Therefore, this evaluation will consider lending outside the assessment area in reaching an overall conclusion regarding the institution's performance under the Lending Test. The analysis looks at mortgage lending to borrowers of different income categories in selected urban and rural markets nationwide, which OTS has identified as Supplemental Evaluation Areas.

CTB's lending is disbursed throughout the United States, with no geographic concentrations noted. The Los Angeles-Long Beach-Glendale, CA Metropolitan Division (MD) had the largest percentage concentration of loans for the review period of any metropolitan area, with 3.6 percent of the number of total HMDA loans reported. All other MDs and MSAs had less than 3 percent of CTB's total originations for the review period. To conduct this analysis, OTS selected the 10 MDs or MSAs with the greatest percentage of CTB's originations for the review period, as well as the 3 non-metropolitan rural areas with the greatest percentage of originations. Table 11 lists these 13 geographic areas and provides CTB's lending activity in each area.

Institution (continued)

Table 11 - Distribution of CTB's Residential Mortgage Loan Originations By Individual Supplemental Evaluation Area (Dollars in thousands)				
Supplemental Area	2007	2008	Review Period 1/1/07 – 12/31/08	% of Total CTB Originations
By Number of Loans:				
Los Angeles-Long Beach-Glendale, CA MD	947	942	1,889	3.6%
Chicago-Naperville-Joliet, IL MD	762	537	1,299	2.5%
Riverside-San Bernardino-Ontario, CA MSA	734	460	1,194	2.3%
Phoenix-Mesa-Scottsdale, AZ MSA	752	439	1,191	2.3%
Salt Lake City, UT MSA	544	633	1,177	2.3%
Portland-Vancouver-Beaverton, OR-WA MSA	558	581	1,139	2.2%
New York-White Plains-Wayne, NY-NJ MD	449	479	928	1.8%
Baltimore-Towson, MD MSA	459	396	855	1.6%
Atlanta-Sandy Springs-Marietta, GA MSA	519	263	782	1.5%
Philadelphia, PA MD	377	373	750	1.4%
Non-MSA areas of Iowa	243	230	473	0.9%
Non-MSA areas of Utah	166	276	442	0.8%
Non-MSA areas of Wisconsin	209	230	439	0.8%
Total Supplemental Areas	6,719	5,839	12,558	24.0%
Total CTB¹¹	28,190	24,049	52,239	100.0%
By \$ Amount (000 omitted):				
Los Angeles-Long Beach-Glendale, CA MD	\$244,216	\$242,418	\$486,634	5.9%
Chicago-Naperville-Joliet, IL MD	126,848	89,694	216,542	2.6%
Riverside-San Bernardino-Ontario, CA MSA	172,232	102,831	275,063	3.3%
Phoenix-Mesa-Scottsdale, AZ MSA	137,002	74,670	211,672	2.6%
Salt Lake City, UT MSA	95,091	113,719	208,810	2.5%
Portland-Vancouver-Beaverton, OR-WA MSA	103,028	117,710	220,738	2.7%
New York-White Plains-Wayne, NY-NJ MD	117,144	123,560	240,704	2.9%
Baltimore-Towson, MD MSA	78,049	64,486	142,535	1.7%
Atlanta-Sandy Springs-Marietta, GA MSA	79,524	39,580	119,104	1.5%
Philadelphia, PA MD	50,225	50,582	100,807	1.2%
Non-MSA areas of Iowa	22,977	21,266	44,243	0.5%
Non-MSA areas of Utah	23,741	45,333	69,074	0.8%
Non-MSA areas of Wisconsin	23,291	27,459	50,750	0.6%
Total Supplemental Areas	\$1,273,368	\$1,113,308	\$2,386,676	29.1%
Total CTB	\$4,384,772	\$3,827,108	\$8,211,880	100.0%

¹¹ CTB totals in this table do not include purchased loans; only originated loans.

Institution (continued)

borrowers also compared well to the demographic benchmark; exceeding the demographic benchmark by a substantial margin in 9 areas and comparable to the benchmark in 3 areas, with only one area (New York-White Plains-Wayne, NY-NJ MD) where CTB was below the benchmark for moderate-income families in both years of the review period.

CTB's percentage of loans to low-income borrowers exceeded other lenders in nearly every Supplemental Evaluation Area, and often by a substantial margin. CTB was below other lenders for lending to low-income borrowers in both years of the review period in only one geographic area; the non-metropolitan areas of Iowa. CTB's lending to low-income borrowers was well below the demographic benchmark for low-income families in most Supplemental Evaluation Areas. One reason for this gap is that low-income families include those with income below the poverty level, who have great difficulty qualifying for a home loan. The last column in the table indicates the percentage of families below the poverty level for each area. OTS noted that CTB had particular success in lending to low-income borrowers in two Supplemental Evaluation Areas. In the Baltimore-Towson, MD MSA, CTB made 19.2 percent of its loans to low-income borrowers in 2007 versus other lenders 9.4 percent, and in 2008 CTB was at 20.7 percent versus 9.9 percent for other lenders. CTB was also comparable to the demographic benchmark of 20.5 percent for low-income families in the Baltimore-Towson, MD MSA. CTB also had outstanding results with its lending to low-income borrowers in the Philadelphia, PA MD.

The institution consistently outperformed aggregate HMDA lenders in lending to LMI borrowers in the Supplemental Evaluation Areas, evidencing an excellent response to community credit needs in these areas.

Innovative and Flexible Lending Practices

Many CTB customers have high debt and, in some cases, more serious credit history problems than borrowers who are only refinancing to reduce their interest rate. CTB's \$.M.A.R.T. loans are designed to utilize borrowers' equity in their homes to consolidate high-cost debt in a lower interest rate vehicle, improve credit scores through consolidation, and/or take advantage of the tax deductibility of interest.

Assessment Area Direct Lending

In the assessment area, the general public may come to CTB's loan office to work with an on-site loan officer on a mortgage refinance or home improvement loan. This is the only office where direct to the public lending is done. Unlike \$.M.A.R.T. loans made through the PFS network, the assessment area loan office can originate these loans with no points, and with lower interest rates.

Institution (continued)

\$.M.A.R.T. Step Feature

Borrowers whose loans are priced higher initially because of poor credit history can get a reduction of up to one percentage point in their interest rate if they make timely mortgage payments for twenty-four consecutive months.

Options Impacting Loan Rates and Costs

Borrowers may choose several features that can help reduce the cost of their loan, as follows:

- The Equity Builder feature reduces the interest rate on the borrower's loan by 0.25 percent if, at the time the loan is made, the borrower opts for direct debiting of the mortgage payment from the borrower's bank account.
- Equity Builder also provides the option of making semi-monthly payments or biweekly payments, as well as extra payments toward principal.
- Prepayment penalty provisions were eliminated for new originations in June of 2009, but before this time, borrowers could pay an additional 0.50 percent on their interest rate to have no prepayment penalty.

Community Development Lending

Citi Community Capital (CCC) conducts community development lending activities on behalf of Citigroup entities, including CTB. Goals for community development lending are set centrally by Citigroup's Global Community Relations CRA Unit in conjunction with CCC. CCC provides financing to specific projects or organizations to build and operate affordable housing, commercial developments and community facilities that benefit LMI neighborhoods and populations across the country. CCC draws from a wide range of Citigroup's businesses to offer a diverse mix of community development lending products. These include warehouse lines of credit, construction loans, bridge loans and lines of credit, New Markets Tax Credit loans, pre-development loans to non-profit strategic partners, and permanent financing. CCC also participates in community development loan pools.

For this evaluation, OTS considered community development loans made between January 1, 2007, and November 9, 2009. During this period, CTB made \$22.3 million in community development loans within the assessment area. The institution had a substantial impact on the assessment area, many times in a leadership role, through its community development lending activity. CTB also made \$302.0 million in community development loans in the BSRA.

Institution (continued)

Community Development Lending within the Assessment Area

Delaware Community Investment Corporation (DCIC) \$4.3 million funded \$5.0 million committed

The DCIC is a certified Community Development Financial Institution (CDFI) that provides financing and services to promote affordable housing and community revitalization projects throughout Delaware. DCIC also makes equity investments in projects that qualify for Federal Low Income Housing Tax Credits (LIHTCs). DCIC depends upon banks, community development sponsors and public agencies for its funding, and CTB has an ongoing relationship with DCIC as one of its partner banks. CCC made a commitment to participate in the DCIC's Housing Loan Fund V for up to \$5 million. Housing Loan Fund V was established to fund multi-family affordable housing projects. The entire amount was allocated to CTB. Draws during the review period totaled \$1.4 million, resulting in permanent loans for LIHTC projects yielding 56 affordable rental units. CTB still has commitments outstanding under DCIC's Housing Loan Funds III and IV. CTB funded an additional \$3.0 million under those loan pools during the review period, resulting in permanent loans for LIHTC projects yielding 623 affordable rental units.

Newark Commons LLLP \$13.3 million

On July 24, 2008, Citigroup purchased a \$598.1 million loan participation backed by a pool of affordable multifamily housing properties from Freddie Mac. All underlying properties have 4 percent LIHTC equity. CTB was allocated \$13.3 million of that loan participation attributable to the Newark Commons project. It is a 220-unit project in Newark, Delaware. The developer must rent at least 40 percent of the completed units to low-income tenants. According to a March 2008 National Housing Trust report, 124 out of the 220 apartments (56.4%) were considered low-income apartments.

Stony Run Associates, LP \$2.3 million

This was a loan to a private developer for the construction and operation of an affordable rental housing complex in a moderate-income census tract in Cecil County, MD. The development includes 72 units affordable to LMI families, and a community center building. Units must be rented to families with incomes at or below 30, 50, and 60 percent of the area median income; thus qualifying the project for LIHTCs.

Institution (continued)

Richman Mortgage Assets Company \$2.1 million

CCC made a \$30 million bridge loan commitment to Richman Mortgage Assets Company, a managed debt fund for the financing of LIHTC developments. This loan bridges the gap between installments of equity advances to local limited partnerships and the needs of the developers of affordable housing to pay fees, expenses and other permitted partnership expenditures on a schedule that may not correspond to the equity infusions. It allows investors to better match the flow of tax benefits to requisite cash outlays, while providing developers the funds they need when they need them. CTB was allocated \$2.1 million of the bridge loan used for the Stony Run Project in Cecil County Maryland. As described above, Stony Run is a LIHTC multi-family rental property with 72 affordable units.

Maurice J Moyer Academy \$276,158

A portion of a CTB line of credit to the Reinvestment Fund, Inc. (see description in BSRA section below) was used to provide permanent financing to the Maurice J. Moyer Academy, a newly created public charter school designed to serve 530 students in grades 6 to 12. The school is located in a moderate-income census tract of Wilmington, Delaware. Over 40 percent of the student population is at the federal poverty level. The school provides a rigorous curriculum to prepare students for college or non-college career options, free of charge.

Community Development Lending within the BSRA

Freddie Mac M013 Securitization Purchase \$125.3 million

The “Newark Commons LLLP” discussion above refers to the July 24, 2008 purchase of a \$598.1 million loan participation backed by a pool of affordable multifamily housing properties from Freddie Mac. The net operating income from 85 affordable multifamily housing bonds supports the debt service of this participation. All underlying properties are LIHTC eligible, with a requirement to rent at least 40 percent of the units to low-income persons. Some of the projects maintain 100 percent of the units for rental to LMI persons. In addition to Newark Commons LLLP, CTB has been allocated \$125.3 million of the participation attributable to multifamily LIHTC rental properties in the BSRA, as follows:

- \$2.3 million for a project in Tampa, Florida with 358 units,
- \$3.7 million for a project in Gainesville, Florida with 112 units,
- \$3.2 million for a project in North Port, Florida with 104 units,
- \$7.5 million for a project in Athens, Georgia with 220 units,
- \$12.1 million for a project in Savannah, Georgia with 324 units,
- \$11.9 million for a project in Gainesville, Georgia with 292 units,
- \$14.4 million for a project in McDonough, Georgia with 120 units,
- \$5.2 million for a project in Garner, North Carolina with 136 units,

Institution (continued)

- \$4.7 million for a project in Durham, North Carolina with 92 units,
- \$9.5 million for a project in Norfolk, Virginia with 434 units,
- \$5.7 million for a project in Virginia Beach, Virginia with 120 units,
- \$4.6 million for a project in Washington D.C. with 238 units,
- \$12.5 million for a project in Washington D.C. with 257 units,
- \$22.3 million for a project in Newark, New Jersey with 422 units; and,
- \$5.7 million for a project in Hamilton, New Jersey with 173 units.

Solomon Hess \$7.2 million

Solomon Hess SBA Loan Fund I (the fund) is certified as a Community Development Entity by the Community Development Financial Institutions Fund of the U.S. Department of the Treasury. The fund's mission is to promote economic development by supporting permanent job creation, retention, and/or improvement for LMI persons, or in LMI geographies, or in areas targeted for redevelopment by Federal, state, local or tribal governments. The fund provides support in the form of an expanded secondary market for community development loan financing provided to small businesses that meet SBA eligibility standards. CCC worked with Solomon Hess to structure a \$50 million revolving collateralized line of credit to finance the fund's acquisition of community development SBA loans. This line of credit was intended to increase financial liquidity in a stressed credit market, and lower the cost of capital within the community development loan segment of the SBA loan secondary market. CTB was allocated \$7.2 million of this facility for community development loans made to 63 businesses in various states within the BSRA. These businesses include restaurants, retail stores, auto repair shops, hair salons, manufacturers, and day care facilities. Many are located in LMI census tracts.

The Reinvestment Fund \$70,050

The Reinvestment Fund, Inc. (TRF) is a nonprofit CDFI which provides loans, investments and grants as well as research and information to low-income individuals and community organizations. CCC committed a \$5 million line of credit to TRF. It supports TRF's core loan fund, which provides (a) residential real estate loans to nonprofit community-based organizations and nonprofit and for-profit affordable housing developers for acquisition, predevelopment, construction, or permanent financing, (b) community facility loans to charter schools, day care centers, other nonprofit organizations and loans to promote energy efficiency, (c) commercial real estate loans for non-residential real estate as well as loans related to the Pennsylvania Fresh Foods Initiative to build inner-city grocery stores and (d) economic development loans which finance businesses that create jobs in the low-income communities as well as businesses that focus on energy conservation initiatives. CTB was allocated \$39,519 for TRF loans to the Housing Development Corporation of

Institution (continued)

Lancaster County, Pennsylvania, for two affordable rental housing projects, and \$30,531 for a loan to the developer of an affordable senior housing project in Pennsylvania. These are in addition to the \$276,158 for financing the Maurice J. Moyer Academy, which was included above in the assessment area lending section.

Local Initiatives Support Corporation (LISC) \$1.3 million

LISC is a nonprofit CDFI that provides funding to Community Development Corporations for neighborhood redevelopment. CCC committed a \$10 million line of credit to support LISC's core loan fund for sale and rental housing, community facilities (child care centers, schools, health care facilities, playing fields), and economic development projects, including industrial, office and retail buildings. CTB was allocated \$1.3 million for 2 multi-family affordable housing projects in Florida and North Carolina, with a total of 592 units, as well as charter schools in New York and Pennsylvania.

MMA Financial Institutional Tax Credits XXXI, XXXII and XXXIII \$60.6 million

MMA Financial Institutional Tax Credits XXXI, XXXII, and XXXIII are funds that invest in limited partnerships that will own and operate apartment complexes qualifying for LIHTCs. CCC provided bridge loan facilities to these funds. These facilities bridge the gap between the LIHTC funds' installments of equity into local limited partnerships and the needs of developers. In return for bridging the investment, CCC receives a pledge of the limited partner's commitments to make capital contributions to the LIHTC fund. Of Citigroup's total \$105.8 million commitment to these facilities, CCC has allocated \$60.6 million to CTB for projects within the BSRA, many of which are located in LMI census tracts. The allocated portion facilitated the creation or rehab of 3,224 units of affordable rental housing.

Enterprise Housing Partners XIII (EHP) \$4.1 million

Enterprise Housing Partners XIII LIHTC fund invests in entities organized to acquire, develop, own, and operate LMI rental properties qualifying for LIHTCs. CCC increased an existing \$85.0 million bridge loan facility to EHP by \$30 million during the review period. CTB was allocated \$4.1 million for 5 multi-family projects located in Delaware, New Jersey, Virginia and North Carolina, with a total of 211 rent restricted units.

National Equity Fund \$19.9 million

CCC made a \$120 million bridge loan to the National Equity Fund 2007 LP, a LIHTC fund that invests in limited partnership interests in low-income housing partnerships sponsored by nonprofit organizations. The loan was to bridge the timing gap between the structured equity infusions and the needs of the developers for funds. All of the projects are qualifying LIHTC projects. CTB was allocated \$13.6 million for 6 projects in New York, Pennsylvania, Maryland, West Virginia, and Florida, with a total of 251 rent restricted units. CCC also made a \$60 million LIHTC warehouse line

Institution (continued)

to the National Equity Fund to warehouse affordable housing inventory before it is placed into a LIHTC fund. CTB was allocated \$6.4 million of that line attributable to a New Jersey project with 88 rent restricted units.

Alliant Capital Ltd. \$1.7 million

Alliant is a LIHTC syndicator that warehouses affordable housing inventory before it is placed into a LIHTC fund, allowing developers to move forward on affordable housing projects more quickly. CCC made a \$20 million warehouse line of credit to Alliant. CTB was allocated \$1.7 million for 3 LIHTC housing projects in New York, New Jersey, and Virginia, with a total of 117 affordable rental units.

RBC Apollo \$5.6 million

CCC participated in a \$50 million bridge loan to RBC Apollo, a LIHTC syndicator. CTB was allocated \$5.6 million for 2 LIHTC projects; a Falls Church, Virginia project with 90 affordable rental units, and a Tampa, Florida project with 80 affordable rental units.

Centerline Mortgage \$31.4 million

CCC committed a \$170 million warehouse loan facility to Centerline to facilitate mortgage originations of affordable housing transactions, including LIHTC projects. CTB was allocated \$24.7 million for loans on 5 multi-family projects in New Jersey, New York, Georgia, and Florida, providing 925 affordable units. CCC also committed to a \$115 million revolving line of credit to Centerline for its activities as a LIHTC syndicator. CTB was allocated \$6.7 million for loans on 18 LIHTC projects in various states within the BSRA, providing 1,920 affordable rental units.

CJUF II Petworth LLC \$11.4 million

This was a loan for the construction of a 148-unit mixed-use residential property with retail space, in a moderate-income census tract in Washington D.C. This is a D.C. government-designated redevelopment project in an under-invested corridor of the city. At least 20 percent of the units must be sold as affordable units.

The Richman Group \$8.4 million

In addition to the financing provided to Richman Mortgage Asset Company for the Stony Run Project described in the assessment area lending section, CCC made several loans to entities formed by the Richman Group to finance the land purchases for specific LIHTC projects within the BSRA. These are 18-month loans with bond offerings as the primary source of repayment. The following were allocated to CTB:

- \$2.1 million to the Powers Avenue Apartments, Ltd., to purchase the land for a LIHTC project in Jacksonville, Florida with 168 affordable rental units,
- \$2.8 million to Progress Boulevard, Ltd., to purchase the land for a LIHTC project in Tampa, Florida with 180 affordable rental units,

Institution (continued)

- \$2.7 million to Sleepy Hollow Apartments, Ltd., to purchase the land for a LIHTC project in Leesburg, Florida with 252 affordable rental units; and,
- A \$0.8 million land loan to Spanish Trace Housing, Ltd., for a LIHTC project in Tampa, Florida with 120 affordable rental units.

Ivy Senior Care Corporation \$10.5 million

This loan financed a LIHTC project with 65 affordable rental units in a building within a senior living community in Newark, New Jersey.

Springfield Avenue Marketplace \$7.7 million

This was a land acquisition/pre-development loan to a private developer for a mixed-use project in Newark, New Jersey. The site was home to dilapidated tower housing projects that have been torn down by the city. It is in a moderate-income census tract. Redevelopment of this site is part of the city's master plan. The development will be a mixture of condominiums, townhouses, rental units, and retail space.

The Finch Group \$4.8 million

This was a loan to finance the substantial rehab and operations of a HUD foreclosed apartment building in Winston-Salem, NC. The Finch Group obtained the property for \$10 from the City of Winston-Salem, along with a HUD Upfront Grant to cover part of the rehab expenses. In exchange, the developer must maintain the property's affordability for at least 20 years, with at least 75 percent of the units rented to LMI families, and the remaining 25 percent rented to families earning no more than 115 percent of the area median income. There are 142 units and a community building in the project.

Evergreen Apartments \$2.0 million

This was a loan to a private developer to construct a LIHTC project with 40 affordable units in a federally-designated "Difficult to Develop" area in Tampa, Florida.

Investment Test

In order to evaluate the institution's performance under the investment test, OTS reviewed CTB's community development investments and grants, their innovativeness or complexity, and their responsiveness to the needs of the community.

The institution performed a substantial role in meeting the community development needs of the local assessment area, a Broader Statewide or Regional Area, and national markets served through its grants and investments. The performance was deemed outstanding. The institution's investment

Institution (continued)

strategy supported a comprehensive approach to community development, meeting a wide range of community needs. Qualified investments provided funding for single- and multi-family affordable housing, neighborhood revitalization, financial literacy initiatives, economic development, community services for low-income residents including senior citizens, and housing and support services for special needs populations.

Overview of Investment Strategy

CTB meets its obligations under the investment test through a combination of newly originated investments, grants, and outstanding investments made during previous review periods. Community development investments are undertaken by Citi Community Capital (CCC), in the Municipal Securities Division of Citi’s Institutional Client Group/Global Capital Markets. Since many investments made by CCC benefit communities across the country, they are assigned to the various banking charters based on their locations relative to the charters’ assessment areas and other factors. The vast majority of the investments originated during the review period and assigned to CTB support affordable, multi family housing either through investment in funds or through the purchase of Low Income Housing Tax Credits or housing revenue bonds. In addition, the institution made two investments in New Market Tax Credit projects which support economic development.

A significant majority of CTB’s grants are administered through the Citi Foundation, a separate 501(c)(3) organization under the Citigroup umbrella and an affiliate of CTB. Foundation grants are locally sourced to ensure that the grants are responsive to real needs in the community. In addition, the CRA department of CTB has a modest budget to support smaller needs that arise during the year, such as when a strategic partner needs a sponsor for a community meeting. CTB’s community development grant program addresses both the short- and long-term needs of underserved populations in the assessment area and in the BSRA. The grants are targeted to develop and strengthen LMI communities and to create economic opportunities for their residents. They are also used to help build capacity and self-sufficiency in these communities.

The following table illustrates the distribution of qualified investments and their geographic distribution between the assessment area and the BSRA:

Table 13 - CTB’s Qualified Investments (Dollars in thousands)			
	Benefits the Assessment Area	Benefits the Broader Statewide Regional Area	Totals
New Qualified Investments	\$37,685	\$92,269	\$129,954
Financial Grants	1,257	7,493	8,750
Prior-Period Investments that Remain Outstanding	13,349	120,093	133,442
Total Qualified Investments	\$52,291	\$219,855	\$272,146

Institution (continued)

Significant Qualified Investments

During the review period, CTB made two new investments that benefitted the assessment area:

Fairfield English Village \$28.1 million

CTB purchased project-specific housing bonds issued by New Castle County to help meet the affordable housing needs in the Wilmington, DE-MD-NJ MSA. The purpose of the project is to rehabilitate a 414 unit multi-family residential development in Newark, Delaware. A significant majority of the units are rented to low-income families and the remainder to moderate-income families. The average rent is approximately \$824 which is affordable to a family earning 42 percent of the median family income for the MSA.

Victoria Mews Apartments \$9.5 million

During the review period, Citi purchased Fannie Mae's interest in the USA Institutional Tax Credit Fund, LLP. The fund owns interests in 10 operating partnerships that have developed or rehabilitated rent-restricted rental properties around the country. One of the operating partnerships is for Victoria Mews Apartments in Newark, Delaware. The apartments were constructed in 1968 and will be rehabilitated with the tax credit equity and other financing. The rehabilitated project will consist of 102 one- and two-bedroom rental units, a manager unit and a new community room and management office. Approximately 80 percent of the units are targeted for LMI renters. The remaining units are unrestricted. The \$9.5 million allocated to Victoria Mews Apartments represents 8.8 percent of Citi's total investment into the fund.

In addition to the two investments in the assessment area, CTB made just over \$92 million of community development investments in the BSRA. Some of those investments are described below:

Southwind Coves (\$10 million) and Spanish Trace (\$8 million)

During the review period, CTB purchased tax-exempt multi-family housing bonds from the Florida Housing Finance agency to finance the development of these two projects. Southwind Coves is a 112 unit LIHTC development located in Leesburg, Florida. The project consists of one- and two-story townhomes with private garages, new appliances, private patios and granite countertops. The units were specially designed to be energy efficient to support their affordability. Spanish Trace is an apartment development located on three parcels of land in Tampa, Florida. (A \$0.8 million loan to the Richman Group for this project is discussed under the Lending Test.) There are 120 units in five buildings. The project is conveniently located near the University of South Florida as well as food, shopping, entertainment and transportation hubs. In both projects, at least forty percent of the units must be occupied by families whose income does not exceed sixty percent of the area median gross income.

Institution (continued)

MCA-Simpson \$6.5 million

In May 2008, CCC provided a \$100 million commitment to finance the acquisition and sale of the general partnership interests in a LIHTC syndicator, Simpson Housing Solutions, LLC. Simpson was a real estate developer and asset manager who owned a portfolio of 273 LIHTC properties, 24 of which are located in the BSRA. Its initial investors, the state pension funds of Alaska and Michigan, were seeking to exit the line of business.

Other equity investors were identified and formed a holding company, MCA Housing Partners, LLC. The new investors brought a significant amount of equity to the deal. CCC's portion of the transaction involved purchasing a non-amortizing variable rate bond paying a monthly coupon maturing one year from the closing date. Under the terms of the Trust Indenture, the bond issuer, MCA Associates, LLC, had the ability to draw down funds on a monthly basis, in the form of additional bonds, up to the commitment amount for the sales price of the general partnership interests as well as the expenses related to the purchase, and to fund ongoing construction costs on projects within the Simpson portfolio.

This innovative investment permitted the state pension funds to exit this line of business without jeopardizing the tax credits generated by the projects. It provided a unique form of financing given the broad national scope of Simpson's holdings, allowing construction to continue on a number of projects, with financing available as needed.

LISC Bond Investment \$1.6 million

In 2008, the Local Initiatives Support Corporation (LISC), a national CDFI, issued \$50 million in Taxable Fixed Rate Bonds. The bonds were issued to provide funds to LISC to make loans to support community development initiatives through LISC's core loan fund, which provides predevelopment, property acquisition, construction, and permanent financing to support for-sale and rental housing, community facilities (child care centers, schools, health care facilities, playing fields), and economic development projects, including industrial, office and retail buildings. On June 2, 2008, Citi purchased bonds in the amount of \$5,000,000. (Citi also has a line of credit to LISC, which is discussed under the Lending Test.)

CTB's portion of the bond proceeds was used to lend to Ability Housing Northeast Florida, a non profit organization whose mission is to provide quality, affordable community-based housing with an emphasis on adults with disabilities and others challenged by homelessness. The loan was used to acquire an 83 unit tax credit property now known as Mayfair Village built in the 1960s; modernized and rehabbed in 1994. The property was in danger of being sold and converted to non-low income

Institution (continued)

usage following the 15 year tax credit compliance period. Ability purchased the property in order to preserve the quality of housing for the existing residents as well as provide affordable housing to formerly homeless families and persons with disabilities. Mayfair Village is in the St. Nicholas area. It is on a major bus route with plenty of shopping and employment opportunities nearby.

Orange County Florida Housing Finance Authority Bonds \$22.5 million

At various times in 2007, CCC purchased mortgage revenue bonds from the Orange County Florida Housing Finance Authority to finance four phases of Oviedo Town Center Apartments, near Orlando. The completed project includes 236 units of affordable rental homes, including family units with up to four bedrooms and 3 bathrooms. Affordable family rental units are often very difficult to find and this project is very responsive to the needs of the community. All of the units are affordable to low- and very low-income families. The property is gated and has a swimming pool, a community center, a fitness center and parking for all units.

Significant Financial Grants

CTB made a significant number and dollar amount of grants both in the assessment area and the BSRA. The grants supported locally-identified critical community needs including financial literacy, economic independence, affordable housing initiatives and community services targeted to LMI families. Some of the most significant grants made in the assessment area during the review period are described below.

Delaware Financial Literacy Institute \$348,200

The Delaware Financial Literacy Institute's (DFLI) mission is to help individuals, especially those from LMI households, become equipped with the tools they need to become self-sufficient and enjoy financial well-being. Originally funded by the Foundation, the From Purses to Portfolios Program: Delaware Women Take Charge of their Money (Purses) was started with a conference in October 2004, and is celebrating its fifth successful year in October 2009.

During the review period, Foundation grants supported one financial education conference for women (1,300 women attended with over 60 percent LMI), eleven community-based financial education events, quarterly newsletters to a distribution list that grew to over 8,000 (2007-2008), monthly web based newsletters (2009), the website and two recognition and financial education events. Reports from DFLI indicate that the program is successfully penetrating the LMI marketplace, and that attendance at the Delaware Money School's free financial education classes has increased because of the program.

Institution (continued)

In January 2009, a survey of Purses participants was conducted to determine the impact the program was having on women (of the women that responded to the survey 66.2 percent were LMI and 17.8 percent did not answer the income question) in educating them about managing their finances better. Some of the findings include:

- 78 percent of Purses participants that responded to the survey clearly saw a positive impact on their financial situation after becoming a program participant;
- 73.3 percent have reviewed their credit reports at least once annually, and 51.5 percent have made an effort to improve their credit reports/scores;
- 66.3 percent have paid off debt, 70.4 percent have opened a savings account, and 47.3 percent have started to invest.

Nehemiah Gateway Community Development Corporation \$131,975

The mission of Nehemiah Gateway Community Development Corporation (Nehemiah) is to transform lives and communities by increasing opportunities for successful employment, entrepreneurship and asset development. During the exam period, Nehemiah received a total of \$70,000, in Foundation grants, to support the statewide EITC. Tax refunds as a whole and the EITC in particular provide a boost to working families' incomes unparalleled by any other anti-poverty initiative. Created by Congress in 1975, the EITC is a refundable federal tax credit for LMI workers. It is intended to reduce the tax burden on low-wage workers, to supplement wages and to make work more attractive than welfare. In 2009, eligible families could receive as much as \$4,800 in the EITC alone. For the families served in 2009 by the Delaware EITC Campaign, this represents on average 25 percent of their entire annual income. In 2006, over 10,000 tax returns were prepared for individuals and families with incomes of less than \$42,000. By 2009, this number was over 13,000 per tax season. The EITC Campaign is so important to working families to supplement their income that it has also become a major focus of the United Way of Delaware in their Financial Stability Partnership.

In addition to individual tax preparation, Nehemiah began many years ago to do taxes for small businesses, focusing increasingly on in-home licensed child care providers. What they found is that these business owners had very low incomes from their businesses and needed stronger business skills to attain success. Many of these businesses were among the shrinking child care businesses that would accept Delaware's purchase of care subsidy available to low-income families.

Institution (continued)

Nehemiah's Delaware Family Childcare Alliance was born out of this experience, and is a statewide membership organization of family childcare providers who have come together for the purpose of networking and education. \$50,000 of the grant money provided by the Foundation went to support this alliance.

In 2007, the Foundation funded Nehemiah's childcare program by offering training in personal and business money management as it relates to taxes, record keeping, and financial planning. Nehemiah says that these services "help these disadvantaged business owners to improve their economic viability."

In 2008, the grant was used to offer, in addition to tax and business development workshops, individualized technical assistance to businesses in taxes, record keeping and retirement planning. They went beyond classroom education to a pilot of providing one-on-one services to the small business in order to get their records as a way of working with providers, hands on, to help them in these areas.

Latin American Community Center (LACC) Financial Education Program \$20,000

The Pew Hispanic Research Center names Delaware as a 'high growth' state for Hispanic immigration. Based on information in the 2009 grant application, the organization states that the majority of LACC clients seen through this program are employed. However data collected at intake show that 87 percent of clients have incomes below \$20,000, and of these, 57 percent earn less than \$10,000. The LACC provides bilingual, one-on-one personal finance and asset building counseling as well as classes using the Money Smart FDIC Financial Education Curriculum. Using this combination, the nonprofit has had documented success. For example, while before the course their clients were late with utility payments, after the education, all are consistently current.

Voices without Borders \$10,000

In conjunction with this nonprofit, CTB supported the Voices without Borders annual banking fair held at a St. Paul's Church in the Hilltop section of Wilmington (which is LMI and heavily Hispanic) in October 2008 and October 2009. Many immigrants arrive in America with no understanding of the U.S. banking system or no trust of it. Asset building practitioners agree that access to mainstream banking products (such as a checking account) is key to building assets and financial stability. Voices without Borders indicates that over 50 percent of those they work with have incomes of less than 80 percent AMI.

Institution (continued)

First State Community Loan Fund/Business Plan Competition \$145,000

As a Federally certified CDFI, First State Community Loan Fund (FSCLF) leverages funds from investors and contributors to lend for the construction and renovation of affordable housing, the start-up and expansion of businesses and the provision of capital for essential community services. FSCLF operates a competition to encourage day care providers, both in-home and centers, to file business plans supporting growth. The prizes are equity awards for the businesses. The Foundation's grants fund this competition. As a result of the competition, FSCLF has also made seven childcare loans to home-based and center-based child care providers.

The Foundation also supported technical assistance to small businesses (including but not limited to child care businesses) provided by this CDFI through these grants. This technical assistance includes business plan development, developing effective financial and cash flow statements, projecting capital needs, and other items that would help a small business stabilize its operation and apply for business loans from the FSCLF. The goal of the technical assistance provided by FSCLF is to increase access to capital for small and micro businesses and to educate a small business about resources that are available to help them prosper and grow. As a CDFI, FSCLF is an alternative to mainstream banking for small businesses that need more intense technical assistance or are not qualified for conventional financing. Ultimately, their goal is to prepare these businesses to enter the mainstream.

Home Partnership of Cecil County \$75,000

Home Partnership Inc. (HPI) was created in 1995 in Harford County, Maryland out of a grassroots effort lead by local religious, civic and business leaders. As a tax exempt 501(c) (3), HPI directly assists over 400 families per year and is HUD certified to provide counseling, education, secondary financing and housing development (single-family) services. HPI has sold over 100 homes to income-eligible families by partnering with federal, State and private partners and serves Harford and Cecil Counties.

Delaware Housing Coalition \$105,000

The Delaware Housing Coalition (DHC) is working to ensure that Delaware's affordable housing system focuses on creating housing opportunities for households with very low incomes (<50% AMI) and extremely low incomes (<30% AMI). It does this work through advocacy, education, awareness and research.

A 2007 grant funded their agenda to advocate for more units of housing affordable to those below 50 percent of AMI and to educate the community about the need for this housing. In 2008 and 2009, this moved into a multi-year campaign called the Good Neighborhood Campaign funded in part by the Citi Foundation.

Institution (continued)

Cornerstone West Community Development Corporation \$55,000

Established in 1999, Cornerstone West is a nonprofit community development corporation, which grew from a collaborative effort between West End Neighborhood House, Inc., St. Francis Hospital, and the community. In order to improve the economic viability of Wilmington's Westside, Cornerstone West was designed to deliver a housing system to serve the needs of Wilmington's LMI families.

Over the years, Cornerstone West CDC has renovated over 125 homes in Wilmington's Westside for LMI first time homebuyers. Many of the homes were sold to individuals that had rented in that neighborhood and worked with their community center to become homebuyers. All of the homes are available to first time homebuyers with incomes under 80 percent AMI. Many have subsidies to make them affordable to this population. Citi Foundation grants totaling \$50,000 assisted with pre-development expenses. The Citi Foundation also provided a \$5,000 grant to hire an intern to perform analysis of a new area of Wilmington that Cornerstone may move toward in the future.

New Horizon's Community Project \$140,000

The New Horizon's Community is a demonstration project that puts manufactured and modular homes on permanent foundations (used because they are more affordable than stick built homes), on land owned by a community land trust (which also reduces the cost of the property and makes it more affordable), in a community that is operated as a co-op community, i.e. with the owners making the decisions. This project is currently waiting for zoning permission and permits to be issued to begin work on the development. Work is already occurring in preparing LMI first time homebuyers to purchase these homes.

The Citi Foundation has supported this project through grants to various organizations involved in making this demonstration project possible, including the Diamond State Community Land Trust and Milford Housing Development.

The project is located in Sussex County, Delaware (within the State but outside the assessment area). However, because of the findings from this project and the creation of this model, CTB anticipates that in a few years, they will see more of these developments throughout the state, especially in New Castle County where housing prices are out of reach of LMI families. This model will provide homeownership for low-income families and has a permanent affordability component in what is called a "shared equity" model.

Institution (continued)

Community Coalition for Affordable Housing \$10,000

The Community Coalition for Affordable Housing (CCAH) is actively working in the Cecil County community to provide affordable housing opportunities for low-income individuals. They currently own three houses that provide housing to 12 individuals. Cecil County's homeless and near homeless populations have struggled in recent years as the old "boarding houses" or single room occupancy facilities have closed. Many of these individuals moved to renting motel rooms by the week as a way to keep housing, however the cost of these situations became prohibitive to many. Men especially were impacted by the lack of clean, safe affordable housing. CCAH is working with these low-income individuals, many on disability of less than \$700 per month or working at minimum wage jobs, with a mission of building a number of rooms where rentals are 30 percent or less of the individual's income.

Foreclosure Prevention, Awareness and Education \$145,000

Increased foreclosure rates in Delaware were first caused by sub-prime loans going bad as ARMs reset and individuals could not afford the mortgage. The most recent rise in foreclosure filings appears to be related to high unemployment and underemployment.

In early 2008, the Lieutenant Governor brought together the banking community and asked for dollars to be invested in housing counseling nonprofits in order to expand their efforts to support homeowners in foreclosure. For all of these reasons, the following organizations received Foundation grants during 2008 and 2009 for foreclosure prevention counseling, education and outreach:

- Delaware Community Reinvestment Action Council \$60,000
- Housing Opportunities of Northern Delaware \$15,000
- NCALL (Neighbor Works Affiliate) \$40,000
- West End Neighborhood House \$30,000

Meeting Ground Inc. \$65,000

Meeting Ground provides emergency shelter, transitional housing, supportive service housing, and a day center for job placement and other services to the very poor and homeless in Cecil County, Maryland.

Institution (continued)

Meeting Ground received funding for general operating support including the start-up of a new Daytime Empowerment Center in Elkton, which will utilize a partnership of public agencies and nonprofit service providers, including church volunteers, to provide tools and resources to address the root causes of homelessness in persons' lives. Through this new program, Meeting Ground anticipates being able to move 30 percent of clients each quarter from being homeless into stable living situations, either in permanent affordable housing, supportive housing, or long-term recovery or support programs. They will achieve this through a unique combination of on-site service providers, personal counselors, and continuum of services.

Regional Grants

The Citi Foundation made several large regional and national community development grants (for organizations located in the BSRA) during the examination period. These grants, which totaled \$7.02 million, were made to a number of groups. Some examples follow.

SUNY Education Opportunity Centers' Financing Your Independence Program \$668,206

The mission of the University Center for Academic and Workforce Development is to promote the social and economic well being of the academically and economically under-served residents of the State of New York by developing and maintaining quality educational and workforce training, programs and services. This innovative initiative matched Citi Financial Education Curriculum with Citi Foundation funding to create a highly successful program that provides critical life skills including those to promote financial self-sufficiency. Citi Foundation grants assigned to CTB totaled \$668,206 during the review period for this initiative.

Habitat for Humanity International \$1.1 million

Habitat for Humanity builds or renovates simple, decent, affordable housing, advocates on behalf of those in need of decent shelter; engages the community through inclusive leadership and diverse partnerships; promotes the dignity of its homeowners through full partnership with them; and promotes transformational and sustainable community development. Habitat's model is to make homeownership affordable to low-income families through their sweat equity and that of volunteers in building the homes. They then provide no-interest mortgages to their low-income families.

The Citi Foundation has had a strong relationship with Habitat for Humanity for many years. Overall, the Foundation supports general operating expenses, the annual Jimmy Carter Build, and local Habitat affordable housing builds for low-income individuals and families. Over the examination period, on behalf of CTB, the Citi Foundation funded some general operations expenses for the Georgia headquarters, as well as builds in seven states in the assessment area or BSRA for a total of \$1.1 million in grants.

Institution (continued)

National Council of La Raza \$1.5 million

National Council of La Raza (NCLR) is the largest national Hispanic civil rights and advocacy organization in the United States, which works to improve opportunities for Hispanic Americans. Through its network of nearly 300 affiliated community-based organizations, NCLR reaches millions of Hispanics each year in 41 states, Puerto Rico, and the District of Columbia. To achieve its mission, NCLR conducts applied research, policy analysis, and advocacy, providing a Latino perspective in five key areas, i.e. assets/investments, civil rights/immigration, education, employment and economic status, and health. In addition, it provides capacity-building assistance to its affiliates who work at the state and local level to advance opportunities for individuals and families.

The NCLR grant supports programs that assist LMI families throughout the United States. These programs include: Local Community Development Program, which supports the development of affordable housing for LMI Latino families, and develops neighborhood facilities in underserved communities throughout the U.S., particularly elementary, secondary and charter schools, as well as healthcare facilities; Asset-Building Program, which offers general financial education, pre- and post-purchase homeownership education and counseling, and foreclosure prevention counseling to hundreds of LMI residents in Latino communities; and Affiliate Member Services, which provides organizational development and capacity building services to affiliate members across the U.S.

Service Test

Under the service test, OTS reviewed the accessibility of delivery systems, changes in branch locations, reasonableness of business hours, and the extent of community development services. Based on the institution's leadership in providing community development services, the performance was considered outstanding.

Retail Services

CTB does not offer retail deposit accounts and has no retail bank branches or ATMs. The institution's only office location is its headquarters office located in a middle-income census tract in Wilmington, Delaware. For the most part CTB relies on its affiliate PFS and its independent contractors to bring in loan applications. However, CTB's headquarters office includes a lending office from which the institution's only direct mortgage lending to the public is done. The general public may come to this location to work with an on-site CTB Loan Officer on a refinance or home improvement mortgage loan.

Institution (continued)

CTB makes mortgage loans primarily for debt consolidation to customers nationwide through the PFS network. PFS representatives identify clients through face-to-face presentations and referrals. They conduct a free financial needs analysis for each client that gauges the individual's current financial health and creates a customized plan for obtaining financial goals. Products offered by Citigroup affiliates and non-affiliates for debt consolidation, investment, and risk protection may be recommended as part of the individual's customized plan. Over 98 percent of CTB's mortgage originations are a result of this process.

Loan servicing is done through the mail, the Internet and by telephone. Customers can conduct online bill pay, account statement review and loan application completion over the Internet 24 hours a day. Telephone hours are Monday through Friday 7:00 a.m. to midnight (EST), Saturday, 8:00 a.m. to 7:00 p.m., and Sunday, noon to 11:00 p.m. Customers calling outside these hours are forwarded to the automated account information and services line. Customers may also make payments through the mail, over the phone, or by signing up for the Equity Builder program (preauthorized debit).

Assistance for Borrowers Experiencing Financial Distress

In 2007, Citigroup established an Office of Homeownership Preservation (OHP) to assist borrowers from all Citigroup legal entities, including CTB. That office works with both homeowners and mortgage counselors to find alternatives to the mortgage foreclosure process whenever possible. OHP provides financial support to non-profit partners engaged in innovative and aggressive foreclosure prevention and intervention programs, and trains and develops relationships with community-based housing counselors in at-risk communities. OHP works through community-based housing counseling organizations to contact financially distressed Citi borrowers in order to evaluate work-out options. Delinquent borrowers receive counseling from qualified homeownership counselors at no cost, and these counselors have access to Citi's loss mitigation staff. OHP also provides homeownership and financial education in communities across the U.S., in partnership with community-based nonprofit organizations.

Citi employs a variety of work-out strategies to help borrowers stay in their homes. These include the President's "Make Home Affordable" program, deferment and extension, forbearance and repayment, moratoriums, and modification and extension. Citi may lower the interest rate to reduce payments, extend the term of the loan or, in some cases, write off a portion of loan principal as a last resort.

Institution (continued)

Community Development Services

During the review period, CTB employees provided leadership on major community development and affordable housing initiatives, and provided technical assistance to community development non-profits. CTB also worked regularly with community organizations that provide financial education to LMI individuals and families. The institution provided a significant level of community development services in the assessment area, and the BSRA, as described below.

Delaware Financial Literacy Institute

DFLI is a nonprofit that provides free financial education to Delaware residents, primarily LMI residents. (DFLI is also discussed under the Investment Test for Citi's grants to the organization.) The Money School is DFLI's signature program to bring community-based financial education to adults across Delaware. From Purses to Portfolios is a Money School program addressing the specific financial needs of women. DFLI also provides the First State Saves program, the local version of the America Saves program organized by the Consumer Federation of America.

CTB loaned an experienced executive to assist DFLI in planning and delivering the Purses program, as well as other initiatives. From November 2008 through September 2009, the CTB executive provided 792 hours of service. Her contributions included developing and conducting a survey of Purses participants, and implementing ideas that came out of that survey. She developed a survey for the First State Saves program to determine its impact on participant savings habits and gather recommendations. This employee helped develop an electronic newsletter for Purses participants, electronic tracking of Purses program participant hours, Internet sales of merchandise, and Internet donation collection. She assisted in identifying new grant opportunities and writing and submitting grant applications on behalf of the DFLI. This resulted in more than \$50,000 in new funding for DFLI. She also talked directly to Money School students to answer their questions and refer them to other resources.

Several other CTB employees performed work for DFLI, as follows:

- A CTB employee serves on the DFLI advisory committee;
- On several occasions, CTB and other Citi employees taught, or shared the teaching of, financial education classes for the Purses program;
- In 2007, two CTB employees worked on the Purses Planning Committee; they assisted with marketing initiatives to increase program participation, issuance of newsletters, and planning of Purses events;

Institution (continued)

- In 2008, three CTB employees worked on the Purses Planning Committee; they assisted with marketing, event planning, and other program components. A significant number of hours were spent planning the 2008 conference, which included on-site expertise and services for attendees such as pulling and explaining credit reports, and small business advice; and,
- A CTB employee arranged for VISA's web-based financial education classes to be made available to DFLI clients, with tracking in place to record participation.

Metropolitan Wilmington Urban League (Urban League)

The Urban League is a nonprofit that focuses on economic advancement, education and advocacy for people of color, particularly LMI individuals and families. Key programs include Achievement Matters, an educational initiative for low-income students in Wilmington to keep them in school, and Dollar Wi\$e, a financial education program for LMI individuals. A CTB employee served on the board of the Urban League for the entire review period. She used her financial expertise to assist with fiscal oversight, which included reviewing budgets, evaluating programs, assisting with fundraising, and implementing measures to maintain viability despite funding shortfalls. In 2009 she worked on the Strategic Planning Committee and the Executive Committee, and was elected Assistant Secretary of the Board.

In 2007, the CTB employee developed a six-week series of financial education classes that included topics such as basic banking, credit, budgeting, and financial goal setting. She created the agenda and the presentations, using Citi materials, and taught five of the six classes.

In 2008, the CTB employee worked with the U.S. Conference of Mayors, the City of Wilmington and the Metropolitan Wilmington Urban League to introduce the Dollar Wi\$e program in Wilmington. The employee selected topics and obtained speakers for four one-hour financial education sessions, and organized filming by the city-owned television station. Each session was broadcast multiple times a day, every day for an eight-week period in 2009, on the city station. Two of the sessions, on credit reports, debt and identity theft, were taught by an employee from Citi's Office of Financial Education, on behalf of CTB. Two CTB employees worked to create a financial education toolkit that enables users to conduct their own financial education classes using videos of the sessions, followed by discussion. These were distributed to over 50 community centers, churches and civic associations.

Institution (continued)

Nehemiah Gateway Community Development Corporation

Nehemiah is a nonprofit that promotes successful homeownership and expansion of community development initiatives in underserved neighborhoods. (Nehemiah is also discussed under the Investment Test for Citi's grants to the organization.) A CTB employee has served on Nehemiah's board of directors for all three years of the review period. Nehemiah's programs include business training and business tax preparation for in-home licensed child care providers, and Individual Development Account programs (government matching of funds low-income persons put in savings accounts).

Nehemiah sponsors the statewide EITC Campaign, which promotes awareness of the Federal EITC and offers free e-file tax preparation to eligible low-income workers in Delaware. A number of years ago, the CTB employee serving on Nehemiah's board created an information booklet for low-income clients of the EITC campaign, so they can understand their "total compensation" package, i.e., income plus EITC credit and government and/or nonprofit benefits (such as food stamps or purchase of care subsidy). The booklet also gives basic financial education information (credit, savings, credit scores and reports and other information). Every year this CTB employee reviews and updates the benefits booklet. Each client that comes to an EITC tax site receives a benefits booklet, and a volunteer goes over some of the information in the booklet along with explaining the split refund.

As a board member, the CTB employee was part of making difficult decisions to reduce expenses to cope with funding shortfalls during the review period. In 2009 the executive director left the organization to further her career, and the position became open. The CTB employee sat on an ad hoc board committee charged with finding a new executive director. The CTB employee was instrumental in creating the job descriptions and job posting, reviewing applications, interviewing candidates and finalizing the choice of candidates. The CTB employee also worked on new policies required by the IRS including conflict of interest and whistleblower policies.

West End Neighborhood House (WENH)

WENH is a nonprofit that provides LMI residents of Delaware, primarily New Castle County, with services designed to develop their skills and help them succeed in education, employment, housing and financial growth. Services include after school care, short term loan programs, IDA accounts, Life Lines (a program for LMI youth aging out of foster care), housing counseling, and job training and placement. A CTB employee served on the board in 2007 and 2008. Her contributions included reviewing financial reports, audits and budgets, approving policies, setting direction for the organization, and providing input and funding for the pilot of the Loan Plus Program (a short-term, low interest loan program seen as an alternative to payday loans). Another CTB employee has served on the Loan Review Committee for WENH's Statewide Security Deposit Program since October of 2007. This program assists low-income individuals and families in obtaining low interest loans of up to \$800 for security deposits and rent payments.

Institution (continued)

Stepping Stones Low-Income Federal Credit Union

Nonprofit Delaware Community Reinvestment Action Council (DCRAC) identified a significant need for a credit union for low-income persons who live or work in Wilmington. DCRAC developed a plan to open a credit union that would provide short term low interest loans and savings accounts for this population, as well as financial education and one-on-one personal finance coaching. A CTB employee participated in the opening meeting of the credit union board in September 2008 and was elected to the board as chairman at that meeting (a role that she continues to hold). She has played a major role in starting the organization, submitting the charter application to the National Credit Union Administration, responding to additional information requests, raising capital, and managing the team to ensure adequate planning for all elements of the proposed credit union.

Federal Home Loan Bank Affordable Housing Program

As a member of the Federal Home Loan Bank of Pittsburgh (FHLB), CTB acts as an intermediary for non-profit organizations in applying for subsidies under the FHLB's Affordable Housing Grant Program. The program supports projects that provide affordable housing for persons of low or very low income. CTB reviews and submits the grant applications, and if a grant is awarded, reviews and disburses all construction draws taken by the nonprofit. In addition, CTB reviews semi-annual project reports to the FHLB until the homes are sold or rented, and holds a soft second mortgage with each homebuyer for the amount of the subsidy until the buyer fulfills a five-year retention requirement. During the review period, CTB sponsored three new successful applications that were awarded subsidies totaling \$280,000 for LMI housing projects within the assessment area. CTB also continued to monitor the five projects that were awarded during the prior review period.

Delaware Community Investment Corporation

DCIC is a CDFI that offers loans (20 year mortgages for affordable rental housing, and three to seven year loans for community development and urban renewal projects) and equity investments in LIHTC affordable rental housing projects. (CTB's commitments to DCIC's LIHTC funds are discussed under the Lending Test.) A CTB employee served on the DCIC board from March 2002 to March 2008. During the current review period, she was also a member of the Executive Committee, the Planning Committee and the Personnel Committee. As part of the Executive Committee she discussed and participated in numerous decisions impacting affordable housing projects and funds. As a member of the Planning Committee, the CTB employee helped to arrange for a \$100,000 DCIC grant to the FHLB of Pittsburgh's Blueprint Communities project in Delaware. Under this project, LMI communities in Delaware with problems that could be addressed by focused training of key leaders, developed plans to improve their communities. They could then apply for a grant to implement some aspect of their plan.

Institution (continued)

First State Community Loan Fund

FSCLF is a nonprofit CDFI that specializes in supporting small businesses, micro-enterprises and affordable housing in the State of Delaware. (FSCLF is also discussed under the Investment Test for Citi's grants to the organization.) A CTB employee served on the board of directors, nominating committee and the loan review committee of FSCLF for all 3 years of the review period. Her contributions include reviewing financial reports, audits, budgets and loan loss reserves, and approving credit policies. She serves on the Loan Review Committee, which approves all business loans and affordable housing loans for the loan fund, and reviews delinquency and loan loss reports. She also serves as Chairman of the Nominating Committee, which is trying to bring new expertise to the board.

The CTB employee served as one of eight judges for FSCLF's Family Child Care Provider or Center Business Plan Competition. This competition is open to any of the 1,500 State licensed in-home child care provider small businesses. The business owner is provided with technical assistance to develop a plan to grow their business. Several winners are selected annually. Each receives an equity award of several thousand dollars. The competition has raised awareness of FSCLF as a source of capital for child care providers.

Westside Family Healthcare

Westside Family Healthcare is a federally funded community health center for the medically underserved communities of New Castle County, Delaware. It provides medical, dental, pharmacy and mental health programs on a sliding fee scale, with 57 percent of patients having incomes below the poverty level. A CTB employee has served on the board since 2004; with roles as board chairman in 2007, board secretary in 2008 and 2009, and Executive Committee member in all 3 years. During this period she helped oversee a considerable expansion of facilities and application for Federal stimulus dollars, and participated in strategic planning and other board functions. Another CTB employee served on a committee that planned a major fundraising event, generating over \$110,000 for the organization.

Additional Services

CTB employees performed other community development services, as follows:

- A CTB employee served on Governor Elect Markell's transition team charged with examining the challenges facing the Delaware State Housing Authority as its new director and a new governor took office. The CTB employee conducted research, constructed detailed minutes from the first meeting that set the direction for the team, participated in the discussions, outlined the issues and recommendations, and reviewed and edited the final report.

Institution (continued)

- In 2008 and 2009, a CTB employee participated on the Financial Stability task force of the United Way of Delaware. The task force seeks to develop strategies to ensure the basic needs of every Delawarean are met, help communities plan for and respond to disasters, and promote financial stability among LMI families. The CTB employee participated in task force meetings, helped to update the committee's logic model to make it more useable, and participated in a full day meeting on ways to build asset development in LMI individuals through policy and advocacy.
- In 2009, a CTB employee participated in planning a day-long housing seminar organized by the Delaware Housing Coalition and sponsored by the Delaware State Housing Authority and a Citi Foundation grant. The seminar was for practitioners of affordable housing from governments, nonprofits, civic associations, and private developers. Topics included inclusionary zoning, promoting policies to increase affordable housing, and shared equity models.
- A CTB employee is participating in planning the Mid-Atlantic NAHRO (National Association of Housing and Redevelopment Officials) Housing Conference scheduled for May 2010. The conference targets public housing and low-income housing authorities, nonprofits, developers, policy makers and bankers. The three-day event will provide training opportunities and new ideas in areas including housing finance, asset management, green development, and support services for residents. The CTB employee is the chairman of the fundraising subcommittee and the program subcommittee.
- In 2009, two CTB employees created financial education materials and distributed them at the August Quarterly Festival in Wilmington, an annual African-American festival. They convened three nonprofits to participate with Citi in a financial education tent at the Festival, and provided answers to financial questions, while the nonprofits provided other services to LMI individuals.
- A CTB employee taught four two-hour financial education classes to unemployed individuals as part of a Professional Staffing program. Professional Staffing, a woman-owned business, provides free job skill training and job placement services to four groups of unemployed individuals annually.
- An employee from Citi's Office of Financial Education taught three Train the Trainer classes to the staff of nonprofits within the BSRA that serve LMI people. Topics included an overall review of the financial education curriculum as well as introduction to banking services, money management, budgeting and credit.

Institution (continued)

Fair Lending or Other Illegal Credit Practices Review

No violations of the substantive provisions of the laws and regulations prohibiting discrimination or other illegal credit practices were identified through the evaluation of compliance with consumer laws and regulations during the most recent comprehensive examination.

Appendix A

Scope of Examination

SCOPE OF EXAMINATION		
Full Scope		
TIME PERIOD REVIEWED:	HMDA Loans: 1/1/2007-12/31/2008 Community Development Lending, Investments and Services: 1/1/2007-11/09/2009	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
Citicorp Trust Bank, FSB Wilmington, Delaware		HMDA-Reportable Mortgage Loans and Community Development Services
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
CitiFinancial Mortgage Company	Affiliated mortgage banker	Purchased mortgage loans
Citi Community Capital	Affiliated Community Development investment and lending arm	Community development loans and qualified investments

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED ⁱ	OTHER INFORMATION
New Castle County, Delaware and Cecil County, Maryland, in the Wilmington, DE-MD-NJ MSA	On-Site and Off-Site	1	Reviewed borrower income performance in 13 targeted areas outside of assessment area as well as community development loans and services and qualified investments in a Broader Statewide or Regional Area

ⁱ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

Appendix B

Summary of State and Multistate Metropolitan Area Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall State Rating
Not Applicable				

CRA Rating Definitions

There are five separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the intermediate small institution test for intermediate small savings associations; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. "Outstanding record of meeting community credit needs."
2. "Satisfactory record of meeting community credit needs."
3. "Needs to improve record of meeting community credit needs."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the assessment area(s); the lending, investment, service, and community development opportunities in the assessment area(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.