



## LIMITED PURPOSE

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Comptroller of the Currency  
Administrator of National Banks

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# PUBLIC DISCLOSURE

May 5, 2003

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citibank (South Dakota), N. A.  
Charter Number 16971**

**701 East 60<sup>th</sup> Street North  
Sioux Falls, South Dakota 57117**

**Comptroller of the Currency  
Large Bank Supervision  
250 E Street, SW  
Washington, DC 20219**

**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, 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.**

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## DEFINITIONS AND COMMON ABBREVIATIONS

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

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

**Assessment Area (AA)** – A geographic area that consists generally of one or more MAs (using the MA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

**Benefit to Assessment Area** – A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity benefits a broader statewide or regional area that includes the bank’s assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

**Block Numbering Area (BNA)** – Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

**CEBA** – Competitive Equality Banking Act of 1987, which permitted corporations to form limited-purpose credit card banks, whose operations are restricted to credit card activities, without the corporation becoming subject to the limitations of a “bank holding company” under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100,000 (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans

**Census Tract (CT)** – Small, locally defined statistical areas within Metropolitan Areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

**Community Development (CD)** – Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301)) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

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

**Geography** – A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Limited Purpose Institution** – An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect.

**Median Family Income (MFI)** – The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

**Metropolitan Area (MA)** – Area defined by the director of the United States Office of Management and Budget. MAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Net Operating Income** – As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

**Pass-Through Receivables** – Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8.

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

**Tier 1 Capital** – The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Total Assets** – Total bank assets as listed in the Consolidated Report of Condition and Income.

**Total Income** – From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.

## **INSTITUTION'S CRA RATING**

**This institution is rated "Outstanding."**

The conclusions for the three rating criteria are:

- The bank demonstrates a high level of community development lending, community development services, and qualified investment activity, including some investments that are not routinely provided by private investors.
- The bank demonstrates extensive use of innovative or complex community development services and occasional use of innovative or complex qualified investments and community development loans.
- The bank demonstrates excellent responsiveness to credit and community development needs in its assessment area.

## **SCOPE OF THE EXAMINATION**

In evaluating the bank's performance under the CRA, we reviewed community development activities from May 25, 1999 through April 30, 2003. We reviewed the level and nature of qualified investments, community development lending, and community development services. At the bank's request, we also considered qualified investments, community development lending, and community development services provided by its affiliates. Citibank (South Dakota) N. A.'s affiliates include Citigroup (qualified investments), Citigroup Foundation (qualified grants), Citibank USA, National Association. (joint community development services), CitiHousing, Inc. (community development loans and services), Salomon Smith Barney and Primerica (community development services), and Citicorp Electronic Financial Services, Inc. (community development services). No other affiliate received CRA credit for specific loans, investments or services attributed to Citibank (South Dakota), N. A. At the prior examination dated May 24, 1999, we rated the bank Outstanding.

Citibank (South Dakota), N. A. has adequately addressed the needs of its assessment area. Therefore, we considered outside of assessment area qualified investments, community development loans and services in evaluating its performance.

## **DESCRIPTION OF THE INSTITUTION**

Citibank (South Dakota), N. A. [Citibank (SD)] is a Competitive Equality Banking Act (CEBA) credit card bank, with no branch banking offices, located in Sioux Falls, South Dakota. Citibank (SD) had \$41 billion in total assets and \$78 billion in securitized (sold) credit card receivables as of March 31, 2003. The bank issues consumer credit cards and services its accounts. The bank offers Visa and MasterCard products under the Choice, Citi AAdvantage, AT&T Universal Card, and oil and gas private label programs. Citibank (SD) has agent-banking relationships with four large banking companies. Citibank (SD) received its limited purpose designation on January 24,

1996. There are no legal, financial or other factors impeding the bank's ability to help meet the credit and community development needs of its assessment area.

Citibank (SD) is a direct subsidiary of Citibank, N. A., which is headquartered in New York, New York. Citibank, N. A. is a subsidiary of Citicorp, which in turn is a subsidiary of Citigroup, the largest financial services company in the world. Citibank, N. A. had \$499 billion in total assets on December 31, 2002 and provides corporate and retail customers with a wide range of banking, insurance, brokerage and investment banking products and services.

In January 2002, Citibank (SD) underwent significant changes in its size and the composition of its assets as a result of the following transactions. In two separate transactions, Universal Bank, N. A. and Associates National Bank (Delaware) were merged into Citibank (SD). In a third transaction, Citibank (SD) acquired substantially all of the assets of Citibank USA, a Delaware state-chartered bank. Citibank (SD) became the issuer of the credit card portfolios previously owned and issued by the three banks which were merged into it, or which it acquired. Also in January 2002, Citibank (SD)'s ownership was transferred from Citicorp to Citibank, N. A. As a result of that transfer, Citibank (SD) was required to amend its articles of association and divest itself from all non-consumer credit card activities under the Competitive Equality Banking Act (CEBA) of 1987. All commercial lending and deposit-taking activities as well as the Diners Club and Citicorp Trust South Dakota were sold.

From the beginning of the evaluation period through the most recent quarter end, Citibank (SD)'s Tier I capital grew five-fold, total income doubled, and both total assets and pass-through receivables almost tripled. All of that growth happened in the last fifteen months of the evaluation period. We considered the bank's recent, significant growth when evaluating the performance measure percentages we use to help determine the bank's CRA performance and capacity in making qualified investments and community development loans. The bank's community development activities would have produced higher performance measure percentages prior to the acquisitions that contributed to such rapid growth.

**TABLE 1: FINANCIAL INFORMATION (000s)**

	Year-end 1999	Year-end 2000	Year-end 2001	Year-end 2002	Most Recent quarter end 3/31/2003	Average for Evaluation Period
<b>Tier 1 Capital</b>	\$ 1,584,950	\$ 1,633,072	\$ 2,956,508	\$ 7,730,723	\$ 8,235,726	\$ 4,428,196
<b>Total Income</b>	\$ 4,090,944	\$ 4,650,658	\$ 5,282,638	\$ 9,200,687	* \$ 8,767,520	\$ 6,398,489
<b>Net Operating Income</b>	\$ 837,389	\$ 983,575	\$ 1,390,227	\$ 2,349,790	* \$ 2,168,724	\$ 1,545,941
<b>Total Assets</b>	\$14,790,670	\$18,092,550	\$30,829,921	\$47,178,354	\$41,134,224	\$30,405,144
<b>Pass-Through Receivables</b>	\$27,183,115	\$30,383,855	\$54,815,470	\$80,348,374	\$77,803,271	\$54,106,817

Source: Consolidated Report of Condition and Income and bank reported data. \*Annualized data reported.

## DESCRIPTION OF ASSESSMENT AREA

Citibank (SD)'s assessment area is the Sioux Falls MSA #7760. It includes the entire counties of Lincoln and Minnehaha in eastern South Dakota. The bank's assessment area is legal and does not arbitrarily exclude any low- or moderate-income areas. There are no low-income census tracts in the assessment area. All of the moderate-income census tracts are located within the city limits of Sioux Falls.

The Sioux Falls MSA is the largest urbanized area in South Dakota. The 2003 Department of Housing and Urban Development estimated median family income for the assessment area is \$59,100. Local economic conditions are very good. The population of the MSA grew by about 24 percent from 1990 to 2000. The December 2002 unemployment rate for South Dakota was 3.1 percent, which was the lowest in the nation. The MSA enjoys an even stronger employment picture with unemployment rate of 2.1 percent for the same time period, which is the 5<sup>th</sup> lowest in the nation. For comparison, the national unemployment rate was 5.7 percent in December 2002. The health care industry, retail trade, manufacturing, and financial services are the area's largest employers.

**TABLE 2: ASSESSMENT AREA DESCRIPTION**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	33	0	21%	58%	21%
<b>Families *</b>	36,631	16%	20%	28%	36%
<b>Businesses **</b>	7,051	0	34%	56%	10%

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data. \*Represents families by income level.

\*\*Represents businesses by income level of census tract.

During the examination, we met with several community contacts, including a city official, a private real estate developer, an affordable housing organization, and a nonprofit provider of services to low- and moderate-income children. We also reviewed a representative sample of public evaluations for other local banks. Although the volume is somewhat limited by the size and nature of the assessment area, reasonable community development opportunities do exist.

Based on the above activities, we agree with the bank that assessment area credit and community development needs include:

- Affordable housing, especially for first-time homebuyers, and rentals to accommodate a growing employment base;
- Loans to support the creation and growth of small businesses to encourage economic growth in rural areas;
- Educational opportunities for homebuyers, small business owners, and youth; and
- Increased capacity for nonprofit organizations to serve low- and moderate-income individuals and families.

## CONCLUSIONS ABOUT PERFORMANCE

### Summary

- Citibank (SD) provided a very high level of community development loans, qualified investments, and community development services during this evaluation period. We considered the bank's performance strong. The volume of Citibank (SD)'s community development activities represents 9.46 percent of average Tier I capital for the evaluation period and 6.55 percent of average total income for the evaluation period. The bank originated or participated in community development loans totaling \$18.7 million. Eighty-three percent of those dollars benefited the assessment area directly and the remaining 17 percent benefited communities in the State of South Dakota. The bank made qualified investments and grants totaling \$400.2 million. Of the total dollars invested, 83 percent were provided in the current evaluation period and 31 percent directly benefited the assessment area and the State of South Dakota. Bank officers and employees provide numerous community development services, mostly financial and technical assistance to boards or committees of organizations providing community development services to the assessment area.
- The bank extensively uses innovative or complex community development services. Many of the bank's service projects are very large, requiring coordination among state and local government agencies, nonprofit organizations, private businesses, and the bank. Citibank (SD) occasionally uses innovative or complex community development loans and qualified investments. This includes creative loan financing to support bond issues and narrowly-directed investments to meet very specific assessment area credit needs. We were provided examples of Citibank (SD)'s innovation, leadership and willingness to address community development needs through the provision of services that enhance and move the projects forward, in addition to the dollars loaned and invested.
- The bank's community development loans, qualified investments and grants, and community development services exhibited excellent responsiveness to the credit and community development needs within the assessment area. Community development loans and qualified investments have primarily focused on affordable housing needs. Substantially all of the grants were to organizations that provide services to low- and moderate-income individuals and families. Community development services cover a wide range of activities, including housing development and rehabilitation, home ownership counseling, small business development, job training, financial literacy, and social services.

### Qualified Investments

During the evaluation period, Citibank (SD)'s qualified investments and grants totaled \$400.2 million. Of the total dollars invested, 83 percent were provided in the current evaluation period and 31 percent directly benefited the assessment area and the State of South Dakota. The types of investments the bank made include: low income housing tax credits (LIHTC); certificates of deposit placed in other financial institutions to be used for community development purposes; mortgage-backed securities collateralized by loans to low- and moderate-income households;

and qualified charitable contributions.

Since January 2000, Citigroup has invested \$5.3 million in the CRA Qualified Investment Fund. This is a mutual fund that invests, on behalf of its bank shareholders, in high credit quality bonds and other debt securities that qualify as community reinvestment. To date the fund's investments have helped to finance 623 affordable health care beds, 24,650 units of affordable rental housing, and 1,182 homes for low- and moderate-income families. The fund also invests in economic development activities, including urban revitalization, job training, job creation, and brownfield redevelopment. Citigroup allocated \$1.9 million of its \$5.3 million investment to Citibank (SD) for the purchase of securities in Sioux Falls, Rapid City and other communities in South Dakota.

In 1997, Citigroup created and continues to maintain a portfolio of mortgage-backed securities that are collateralized by loans to low- and moderate-income households in Citigroup markets. Citigroup ensures the securities serve a community development purpose by tracking the underlying loan that serves as collateral by the income level of the borrower and the MSA in which the loan is located. Citigroup attributed \$36.1 million of these securities to Citibank (SD) for purchases made in South Dakota during this evaluation period.

Citibank (SD) joined with the South Dakota Housing Development Authority (SDHDA) to develop a special purpose mortgage pass-through bond, due to the limited government subsidies to assist in the development of affordable housing in South Dakota. The SDHDA issued the certificates, the proceeds of which are used exclusively for funding permanent loans to low-income housing tax credit projects. Citibank (SD) is the sole purchaser of the housing bonds. As of December 2002, the bank has purchased \$21.7 million of these mortgage pass-through certificates; \$4.4 million of which were purchased during this evaluation period.

Citibank (SD) provides funding to non-profit consumer credit counseling agencies located throughout the United States. These organizations provide assistance to borrowers who are delinquent in their payments or may be at risk of going into default on consumer loans, including credit cards. The agencies offer financial education and debt management counseling to consumers on all aspects of their credit situation. They prepare workable budgets and provide assistance with restructuring and consolidation of debt. Citibank helps fund the cost of assisting its customers with financial difficulties by awarding the agencies a fair share grant. Citibank (SD) contributed \$232.2 million during the evaluation period. Of that amount, \$7.2 million benefited consumers in the assessment area, the State of South Dakota, and contiguous states. Most of the credit card receivables Citibank (SD) holds come from customers outside of the north central plains states.

During the evaluation period Citibank (SD) made grants totaling over \$4.6 million dollars to agencies in its assessment area that provide: community development services for low- and moderate-income people with respect to affordable housing; community services - including financial education relating to credit, home buyer, home maintenance, and financial planning; activities that promote economic development for small farms and businesses; and activities that revitalize or stabilize low- or moderate-income areas.

**TABLE 3: QUALIFIED INVESTMENT ACTIVITY (000s)**

	Benefits AA	Outside AA	Totals
<b>Originated Investments</b>	\$ 67,429	\$ 23,264	\$ 90,693
<b>Originated Grants</b>	\$ 13,036	\$226,496	\$239,532
<b>Prior-Period Investments that Remain Outstanding</b>	\$ 45,605	\$ 24,410	\$ 70,015
<b>Total Qualified Investments</b>	\$126,070	\$274,170	\$400,240
<b>Unfunded Commitments*</b>	0	0	0

\* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

**TABLE 4: QUALIFIED INVESTMENT PERCENTAGES**

	Benefits AA (%)	Outside AA (%)	Total (%)
<b>Total Investments/Average Tier 1 Capital</b>	2.85%	6.19%	9.04%
<b>Total Investments/Average Total Income</b>	1.97%	4.29%	6.26%
<b>Total Investments/Average Pass-Through Receivables</b>	0.23%	0.51%	0.74%

### Community Development Lending

During the evaluation period, Citibank (SD) originated or participated in community development loans totaling \$18.7 million. Eighty-three percent of those dollars benefited the assessment area directly and the remaining 17 percent benefited communities in the State of South Dakota. The bank loaned \$16.6 million in support of affordable housing projects and \$2.1 million for economic development primarily in low- and moderate-income areas. In January 2002, Citibank (SD) ceased community development lending due to its reorganization as a CEBA credit card bank. Its affiliate Citibank USA, National Association, also headquartered in Sioux Falls, has been making community development loans in Sioux Falls and statewide since that time.

Citibank (SD) continued its leadership in developing affordable single family and rental housing. During this evaluation period, the bank extended two letters of credit totaling \$7.5 million to enhance bonds totaling \$10.2 million issued to finance construction and fund mortgage loans to homeowners in the second phase development of a mixed income single family housing project in Sioux Falls. Sixty-four homes among 90 constructed were affordable to families earning 80 percent or less of the median area income. Included in the mortgage program was a first-time homebuyer flexible purchase assistance feature, through one of the bank’s affiliates, consisting of a \$500 down payment and no mortgage insurance for low- and moderate-income homebuyers. CitiHousing provided a buyout guaranty for homes not sold within 90 days of completion, which increased construction efficiencies and reduced the sales price of the homes to an average of 8 percent below the appraised value. The guaranty was not exercised because the need for affordable housing exceeded the number of available units. Citibank (SD) received a “Best of the Best” award from the Department of Housing and Urban Development (HUD) in 2000 for its cooperative partnerships and the innovative financing for low- and moderate-income borrowers used in this project. The award is particularly meaningful because HUD was not involved in the project nor were any government subsidies used to reduce the costs of the homes. At the request of HUD, industry representatives, the SDHDA, and the City of Rapid City, Citibank (SD) conducted workshops on this project to help replicate its success in other locations. Workshops

were held in various locations in South Dakota and in Washington, DC.

During the evaluation period, Citibank (SD) also loaned \$5.6 million in construction and permanent financing for the development of three apartment projects that provided 132 units of affordable housing.

Citibank (SD) continued its support of the statewide MicroLOAN program by providing the South Dakota Development Corporation two loans totaling \$2.1 million in 2001. Under this program, small businesses can receive low-interest rate loans in amounts ranging from \$1,000 to \$20,000 for business start-ups and expansion. By year-end 2002, 120 loans had been approved in 63 communities; 56 percent of the loans were made to businesses in communities with populations of less than 5,000. Thirty-six percent of the loans are for business start-ups, many of which offer services not previously available in that area. A Citibank (SD) grant totaling \$100 thousand was used to fund the organization’s loan loss reserve. Citibank is the sole provider for this identified credit need in South Dakota.

Citibank (SD) joined with eight local banks in a project to recycle houses. Due to a hospital expansion, 40 homes were slated for demolition. The project saved the houses and created a new neighborhood of 56 affordable homes, including the 40 transplanted ones. Citibank (SD) was a 20 percent participant in Phase I of the project providing loan funds of \$300 thousand.

Citibank (SD), major local employers in Sioux Falls, the SDHDA, and the Sioux Empire Housing Partnership collaborated to create the Employer Mortgage Assistance Program (EMAP). This program allows employers to provide low-interest loans for closing costs and down payment assistance to low- and moderate-income employees as part of their benefits packages. Citibank (SD) provided \$625 thousand in funding for the pilot program in 2000. The pilot was successful and in 2001 Citibank (SD) provided an additional loan of \$500 thousand in order to roll the program out on a statewide basis. Now, sixteen South Dakota communities are benefiting from this program.

In addition to the community development loans for EMAP, Citibank (SD) provided grant funding that helped create the Sioux Empire Housing Partnership’s Homebuyer Education Center and helped build its programming capacity. The funding enabled Sioux Empire Housing Partnership to educate prospective employers on the benefits of the EMAP program and to provide group workshops and private counseling to prospective low- and moderate-income homeowners and assist potential borrowers with loan pre-qualification.

**TABLE 5: COMMUNITY DEVELOPMENT LENDING PERCENTAGES**

	Benefits AA (%)	Outside AA (%)	Total (%)
<b>Total CD Lending/Average Tier 1 Capital</b>	0.42%	0	0.42%
<b>Total CD Lending/Average Total Income</b>	0.29%	0	0.29%
<b>Total CD Lending/ Average Pass-Through Receivables</b>	0.03%	0	0.03%

## **Community Development Services**

Citibank (SD) and its Sioux Falls affiliate, Citibank USA, have dual employees who provide community development services in the assessment area, throughout the State of South Dakota, and elsewhere in Citigroup markets. None of the credit we gave for community development services has been duplicated between the two banks. However, some services previously provided by Citibank (SD) with regard to community development lending are now provided by Citibank USA because of the differences in their charters and the banking services they can provide. After the chartering of Citibank USA in January 2002, Citigroup reallocated some of the services provided by other affiliates between the two banks in order to achieve parity between the two institutions.

Citibank (SD) provided a high level of needed community development services in its assessment area and throughout the State of South Dakota. Following are examples of the community development services Citibank (SD) provides. Bank personnel serve as board and committee members for 24 organizations statewide. Bank staff actively volunteer for programs that benefit the low- and moderate-income population and serve as members of key community organizations that provide community development services. Bank staff provide: technical expertise on financing and developing affordable housing projects; financial and technical assistance to loan programs that support economic revitalization through small businesses; and financial education to groups and individuals. The bank has developed programs designed to build capacity and leadership within the non-profit community development sector.

For over 10 years Citibank (SD) has worked with the SDHDA. During this tenure Citibank (SD), CitiHousing and the SDHDA have constructed over 1,600 units of affordable housing for low- and moderate-income families through tax credits and revenue bonds used to finance the projects. Citibank (SD) and the SDHDA also partnered to develop EMAP, a down payment assistance program delivered to first-time home-buyers across the state. The SDHDA invites Citibank (SD) representatives to provide technical assistance and expertise at its annual housing conference and other housing conferences hosted in the state. The conferences are attended by lenders, public officials, and housing practitioners from an eight-state region. They gain insight into the complex and innovative solutions Citibank (SD) uses to create affordable housing projects, such as forming equity pools to facilitate the development of affordable, multi-family housing projects that are eligible for low-income housing tax credits as well as bank-provided credit enhancements to ensure the marketability of mortgage-backed securities.

As discussed under “Community Development Lending,” Citibank (SD) joined with eight local banks in a project to recycle 40 houses that would have been demolished due to a hospital expansion. Citibank (SD) led the project in all aspects, including development of the financing package, identification and acquisition of a new site on which to relocate the homes, rehabilitation of the homes, and the marketing plan and sale of the homes to low-income families.

During this evaluation period, Citibank (SD) established a relationship with Youth Enrichment Services (YES), one of the largest child-care providers in South Dakota. This organization serves over 1,300 children daily at its two centers and 20 elementary schools in the Sioux Falls

assessment area. About 76 percent of the children are at or below the federal poverty level. Citibank (SD) has a bank officer who sits on the board of this organization. Its recently chartered local affiliate, Citibank USA, made a \$1.4 million loan to this group for permanent financing of the first phase of its multi-year plan to improve its campus for at-risk and disadvantaged children. Both banks made grants to build YES's capacity, enabling it to offer additional health and educational programs. Three Citibank officers provide technical assistance to ensure the continuance of one of the non-profit's sources of secondary funding.

Citibank (SD), its affiliates, and non-profit partners conduct a number of financial literacy programs for primarily low- and moderate-income members of the community. Through meetings, seminars, and print communication, consumers are educated on a variety of topics, including the fundamentals of sound financial planning, homeownership, and planning for retirement.

### **FAIR LENDING REVIEW**

We found no evidence of illegal discrimination or other illegal credit practices.