



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: January 1, 2002

Institution: Citibank (New York State)
99 Garnsey Street
Pittsford, NY 13454

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Citibank (New York State) (“CNYS”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of January 1, 2002.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low-to-moderate income areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (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; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 – 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

CNYS is rated "1," indicating an outstanding record of helping to meet community credit needs. This rating is based on the following factors:

Lending Test – "High Satisfactory"

- While overall lending volume for this evaluation period reflects good responsiveness to the credit needs of the assessment area, the 1.5 thousand Home Mortgage Disclosure Act ("HMDA")-reportable loans originated in 2000 reflect a 53.1% drop from the level achieved in 1999. HMDA lending volume improved by 20% in 2001, to 1,800 loans.

CNYS's small business lending volume increased significantly during the evaluation period, due to its introduction of a small business credit card program. In 2000, with small business credit cards representing 59.6% of total originations, lending volume increased by 75% to 2.8 thousand from 1.6 thousand reported in 1999. In 2001, small business loans more than doubled to 6 thousand, credit cards representing 82.3% of the loans. The significant volume increase notwithstanding, CNYS's small business lending volume is considered only satisfactory, due to the high concentration of originations in this product area.

- The bank (not including affiliates) made an adequate percentage of its loans in the assessment area during the evaluation period. In 2000, CNYS extended 64.3% by number and 54.8% by dollar volume of its HMDA-reportable loans in the assessment area. In 2001, the number ratio decreased to 56.3% while the dollar volume ratio increased slightly, to 55.1%. The figures reported for 2001 reflect a 28.7% decrease in absolute number of assessment area loans made, accompanied by a 53.3% increase in the corresponding dollar volume.

In 2000, the bank made 94.6% by number and 94.7% by dollar volume of its total small business loans in the assessment area. The ratios declined slightly in 2001, to 92.9% and 89.2%, respectively.

- The geographic distribution of CNYS's loans based on census tract income reflects good penetration throughout the assessment area. In 2000, the bank originated 27.8% by number and 12.3% by dollar volume of its HMDA-reportable loans in LMI census tracts, significantly higher than 13.5% and 7.2%, respectively, for the aggregate. The bank's LMI penetration rates for 2001 were 21.2% and 14.8%, respectively, significantly above 9.3% and 5.0%, respectively, for the aggregate.

In 2000, the bank made 15.6% by number and 21.8% by dollar volume of its small business loans to businesses located in LMI geographies, slightly below 17.7% by number

but consistent with 21.6% by dollar volume for the aggregate. The bank's LMI penetration rates rose in 2001, to 18.9% by number and 22.0% by dollar volume, slightly above 18.1% and 21.1%, respectively, for the aggregate.

- The bank's lending distribution, according to borrower characteristics, reflects good penetration among individuals of different income levels and businesses of different sizes. In 2000, the bank made 33.5% by number and 25.8% by dollar volume of its HMDA-reportable loans to LMI individuals, slightly above 33.2% by number and 21.7% by dollar amount for the aggregate. The bank's LMI penetration rates increased slightly in 2001 to 37.5% and 26.4%, respectively, comparing favorably with 27.0% and 17.2%, respectively, for the aggregate.

In 2000, the bank originated 90.9% by number of its small business loans in amounts less than or equal to \$100 thousand, slightly above 89.8% for the aggregate. In 2001, the bank's lending penetration in this loan size category increased to 95.8% while the aggregate's percentage declined slightly to 89.6%.

In 2000, the bank made 54.8% of its number and 13.6% of its dollar volume of small business loans to businesses with annual gross revenue under \$1 million, well above 37.3% for the aggregate by number, but below 24.2% by dollar volume. In 2001, the bank's ratios increased to 71.9% and 20.5%, respectively, well above 40.1% by number and slightly below 26.7% by dollar volume for the aggregate.

- During the evaluation period, CNYS made a relatively high level of community development loans totaling nearly \$38.8 million. The total includes \$30.5 million (78.6%) in new money. The bank makes occasional use of innovative and/or complex loans in carrying out its community development activities.
- The bank makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs. CNYS offers special loan products nationwide, including the assessment area. Products designed to meet the credit needs of LMI borrowers include the CitiAffordable Mortgage Program, Community Home Buyer's Mortgage Program and Fannie Neighbors Mortgage Program.

Investment Test – “Outstanding”

- The bank has a significant level of qualified community development investments and grants. Qualified investments and grants totaled \$25.6 million, of which \$1.2 million were non-recoverable grants. New money represents \$14.9 million, or 58.2% of the bank's qualified investments.
- The significant level of grants indicates good responsiveness to the credit needs of the community. Additionally, the bank occasionally uses innovative and/or complex investments.

Service Test - “Outstanding”

- The bank’s delivery systems are reasonably accessible to all portions of the assessment area. CNYS operates 22 full-service branches throughout the assessment area, including the main office. Of the 22 branches, only one is located in an LMI geography but eight branches are in geographies adjacent to LMI census tracts. ATMs are also available at each branch. To augment the branch network, CNYS has a number of alternate delivery systems, including telephone and online access.
- The bank is a leader in providing community development services in the assessment area, ranging from homebuyer and small business seminars, nonprofit board membership, an Individual Development Account program, an internship program and numerous others.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in 1987, CNYS is a full-service, wholly-owned commercial banking subsidiary of Citicorp, a large multi-bank holding company, organized in Delaware and headquartered in New York City. Citicorp is a subsidiary of Citigroup Holdings Company, which, in turn, is a wholly owned subsidiary of Citigroup, Inc., the nation's largest bank holding company.

CNYS has five subsidiaries, including Student Loan Corporation ("SLC"), the nation's largest originator of Federally guaranteed student loans. The bank wholly owns all of its subsidiaries, except for SLC, of which it owns only 80%. SLC dominates CNYS's balance sheet, comprising \$18.6 billion or 93.9% of the bank's total assets as of December 31, 2001. Other subsidiaries include: Citicorp Development Center, Inc. ("CDCI"), a provider of ATM-related services and wireless banking technologies; Diners Club International, Ltd., which licenses the Diners Club name to overseas franchisees; Enhanced Telephone Services, Inc., a subsidiary of CDCI, which has ceased operations, and Citicorp POS Information Services, Inc., which ceased operation in 2001.

CNYS is headquartered in Pittsford, Monroe County, less than ten miles from Rochester, and operates 22 full service branches in upstate New York. The bank has 13 branches in Monroe County, seven in Erie County and two in Niagara County. CNYS offers consumer and commercial banking services, including student loans, investments, insurance, credit cards and global cash management. In addition to an ATM facility located at each branch, the bank has five off-site non-deposit taking ATMs, all located within the assessment area.

As of December 31, 2001, the bank reported total assets of \$19.8 billion, up 65% from \$12 billion reported at December 1999. Net loans comprised 96% of the total assets.

Although Citibank is owned by a large financial services company, with only 22 branches it is a fairly small bank compared to its competitors within the assessment area. These include HSBC (103 branches), M & T Bank (101 branches), Charter One (38 branches) and Chase (28 branches). However, ranked by total deposits, Citibank was the third largest bank in the upstate market, with deposits totaling nearly \$4 billion (13.6%) on June 30, 2001. In MSA 6840 (Rochester), Citibank was the largest bank on the same date, with nearly \$3.5 billion (23.3%) of the deposit market.

The bank offers a wide variety of lending products, including residential mortgage loans, revolving lines of credit, home improvement loans, multifamily loans, commercial mortgages, small business loans and consumer loans (mostly student loans).

The following chart shows the bank's gross loans as of December 31, 2001 and December 31, 2000, according to the Consolidated Reports of Condition and Income ("Call Reports").

TOTAL GROSS LOANS OUTSTANDING				
LOAN TYPE	12/31/2001		12/31/2000	
	\$000s	%	\$000s	%
Residential Mortgage Loans	273,837	1.4	274,421	1.7
Commercial Mortgage Loans	11,705	0.1	17,542	0.1
Multifamily Mortgages	22,389	0.1	16,080	0.1
Commercial & Industrial Loans	124,096	0.7	143,375	0.9
Consumer Loans	18,628,921	97.6	16,053,579	97.3
Other Loans	22,828	0.1	480	0.0
Total Gross Loans	19,083,776	100.0	16,505,477	100.0

Between evaluations, the bank's loan portfolio increased 78.3%, to \$19 billion from \$10.7 billion reported at September 30, 1999. The loan portfolio consists primarily of student loans, reflecting the bank's business focus.

The bank and its affiliates participate in several governmentally insured, guaranteed or subsidized loan programs for housing, small business and small farms, including FHA loans, VA loans, Fannie Mae loans, SONYMA loans, and SBA loans.

CNYS was rated "1" at the prior evaluation conducted by the Banking Department as of January 21, 2000, indicating an outstanding record of helping to meet community credit needs.

This CRA evaluation did not reveal any legal or financial impediments that would prevent the bank from helping to meet the credit needs of the assessment area.

Assessment Area:

Citibank (New York State)'s assessment area encompasses Erie and Niagara Counties in their entireties, in metropolitan statistical area ("MSA") 1280 (Buffalo), where the bank has nine full-services branches, and all of Monroe County, in MSA 6840 (Rochester), where the bank has 13 full-services branches. There are 474 census tracts in the assessment area, of which 58 (12.2%) are low-income, 88 (18.6%) are moderate-income, 219 (46.2%) are middle-income, 100 (21.1%) are upper-income and nine are zero-income tracts.

Approximately 34.8% of census tracts in Monroe County are LMI, compared to 28.3% for the Buffalo MSA. According to the 1990 U.S. Census, the total assessment area population was 1.9 million, of which 269.5 thousand (14.2%)¹ were over the age of 65 and 409.5 thousand (21.5%) were under the age of 16.

¹ Please note that while percentages are based on exact numbers, absolute numbers pertaining to population and housing characteristics have been rounded to the nearest decimal point for purposes of inclusion in this report.

There were 500.3 thousand families in the assessment area, of which 95.1 thousand (19.01%) were low-income, 87.5 thousand (17.48%) were moderate-income, 119.5 thousand (23.9%) were middle-income and 198.2 thousand (39.6%) were upper-income. Of the total 182.6 thousand LMI families, 37.7% (68.9 thousand) lived in LMI census tracts, accounting for 66.2% of all families (4.9 thousand) living in LMI tracts.

The assessment area had 732.9 thousand households, of which 290.3 thousand (39.6%) were LMI and 174.4 thousand (23.8%) lived in LMI tracts. Approximately 28.6% of households in LMI geographies lived below the poverty level, compared with 11.8% for the entire assessment area.

There are 778 thousand housing units in the assessment area, of which 61% were owner-occupied, 33.3% were renter-occupied, 84.5% were 1-4 family units, and 6.1% were vacant/boarded up. In LMI census tracts, the owner-occupancy and vacancy rates were 36.5% and 10.2%, respectively. The median home value was \$76.6 thousand.

There were 67 thousand housing units in LMI tracts, of which 24.2% were owner-occupied, 60.7% were renter-occupied and 15.1% were vacant or boarded up.

Based on estimates furnished by the U.S. Department of Housing and Urban Development ("HUD"), the median family income for the assessment area increased to \$50.1 thousand in 2000, from \$37 thousand reported for the 1990 census.

The U.S. Department of Commerce - Bureau of Economic Analysis revealed that the largest industries in 2000 for the assessment area, MSA 1280 (Buffalo) were services, which provided 27.6% of the MSA earnings. State and local government and manufacturing accounted for 14.6% and 14.0% of the earnings, respectively. In 1990, the largest industries were also services, representing 23.3% of earnings, manufacturing, providing 15.7%, and State and local government, generating 15.6% of earnings.

In Monroe County, which is part of MSA 6840 (Rochester), the largest industries in 2000 were services, representing 28.0 %, manufacturing, representing 22.7% and state and local government, representing 11.8% of earnings, respectively. In 1990, the largest industries were manufacturing, representing 30.7%, services, representing 21.3%; and state and local government, representing 12.0% of earnings, respectively.

According to the New York Department of Labor, the average unemployment rate for the assessment area MSA 1280 increased to 5.4% in 2001, from 5% in 2000, compared with 4.9% for New York State in 2001 and 4.6 % in 2000. Monroe County, which is part of MSA 6840, reported average unemployment rates of 4.4% in 2001, and 3.7% in 2000, below the corresponding New York State averages.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

This performance evaluation incorporates a review of the bank's lending, investment and service activities within the assessment area during 2000 and 2001.

Products considered include HMDA-reportable and small business loans. Statistics employed in this evaluation were derived from various sources. In addition to bank-specific loan information submitted by the institution, aggregate data for HMDA-reportable loans and small business loans were obtained from the Federal Financial Institutions Examination Council ("FFIEC") and PCI Services, Inc.'s CRA Wiz ®, an external vendor.

Demographics are from the 1990 U.S. Census data supplemented with the 2001 estimates by the Department of Housing and Urban Development ("HUD").

*Data from the following affiliates were included in this evaluation: Citibank, N.A., CitiMortgage, Inc., Citifinancial, The Associates, Universal Financial Corporation, Citibank (South Dakota), N.A. and Associates CapitalBank, Inc. Affiliate data was considered for purposes of evaluating Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending and Innovative/Flexible Lending. The Assessment Area Lending analysis was based on CNYS data, only. **Except where noted (see Assessment Area Lending, below), all references to "the bank" or "CNYs" include lending activity by CNYS and one or more of these affiliates.***

I. Lending Test: "High Satisfactory"

The bank's lending performance was evaluated pursuant to the following criteria: (1) Lending Activity; (2) Geographic Distribution; (3) Borrower Characteristics; (4) Community Development Lending; and (5) Innovative or Flexible Lending Practices.

Lending Activity: "High Satisfactory"

The combined lending of the bank and its affiliates reflect goods responsiveness to assessment area credit needs.

HMDA-Reportable Loans

Although the bank's HMDA-reportable lending declined during the evaluation period, lending volume continues to reflect good responsiveness to assessment area credit needs.

As shown in the table below, in 2000 the number of HMDA-reportable loans declined by 53.1% to \$1.5 thousand, from \$3.2 thousand reported in 1999. The corresponding dollar volume declined by 47.2% to \$95.8 million, from \$181.3 million reported in 1999. The most

significant decrease in the number of loans occurred in the home improvement category, which dropped by 611 loans (64.5%). Home purchase loans also declined significantly, with 706 (52.1%) fewer loans resulting in a dollar volume decrease of \$58 million (50%). While in 2001, the HMDA-related loan volume improved by 20% to 1.8 thousand loans with a corresponding dollar volume increase of 42.4% to \$136.4 million, home improvement lending declined further by 261(77.4%) loans, for a corresponding dollar volume decrease of \$3.3 million (75.6%).

DISTRIBUTION OF HMDA-REPORTABLE LOANS BY PURPOSE												
PRODUCTS	2001				2000				1999			
	#	%	\$	%	#	%	\$	%	#	%	\$	%
Home Purchase	863	48%	68,557	50%	649	42%	57,615	60%	1,355	42%	115,632	64%
Refinance	852	47%	59,846	44%	556	36%	30,676	32%	924	29%	61,068	34%
Multifamily	7	0%	6,964	5%	7	0%	3,162	3%	-	0%	-	0%
Home Improve.	76	4%	1,071	1%	337	22%	4,387	5%	948	29%	4,585	3%
TOTAL	1,798	100%	136,438	100%	1,549	100%	95,840	100%	3,227	100%	181,285	100%

Management attributes the decline in HMDA-reportable lending primarily to a shift in business strategy away from making home improvement loans in dollar amounts of one thousand dollars or less. The bank had initially utilized this product to comply with the Citigroup's July 2001 commitment to the New York State Banking Department to improve its lending penetration in majority-minority census tracts. In a revised commitment, the bank agreed to enhance its minority tract penetration with larger-sized HMDA loans. Management also noted that CNYS had severed relationships with many brokers that had dealings with Source One, a mortgage lender acquired by the bank in 1999, further contributing to the decline in HMDA lending.

Of the 339 lenders that originated HMDA-related loans within the bank's assessment area in 2001, CNYS ranked 32nd, with 0.68% of the market by number, and 27th, with 0.67% of the market based on dollar volume.

MSA 1280 (Buffalo-Niagara Falls)

The bank originated a good volume of HMDA-reportable loans in this MSA. In 2000, CNYS made 47.7% by number and 41.5% by dollar volume of its HMDA reportable loans in this MSA. In 2001, the ratios increased to 67.6% and 64.5%, respectively.

Of the 244 lenders that originated HMDA-related loans in this MSA in 2001, CNYS ranked 23rd with 0.77% of the market by number and 19th with 0.72% based on dollar volume.

MSA 6840 (Rochester)

CNYS had a good volume of HMDA loans in Monroe County (portion of MSA 6840). In 2000, lending in Monroe county constituted 52.3% by number and 58.5% by dollar volume of combined lending. In 2001, the number and dollar volume of origination decreased to 32.4% and 35.5%, respectively, of the total.

Of the 236 lenders that originated HMDA-related loans in the area in 2001, CNYS ranked 24th with 0.64% of the market by number and 20th with 0.80% based on dollar volume.

Small Business Loans

In 2000, loan originations increased in number by 75% to 2.8 thousand, from 1.6 thousand reported in 1999. During the same period, the dollar volume of small business originations increased from \$111.2 million in 1999 to \$119.1 million in 2000. The increase is largely attributable to Citibank's introduction in 1999 of small business credit cards. Credit card lending represented 59.6% of the number and 7.7% of the dollar amount of small business loans extended in 2000. In 2001, small business loan volume more than doubled, to six thousand loans for \$131.9 million, with small business cards accounting for 82.3% of the number and 16.1% of the dollar volume originated. The significant volume increase notwithstanding, CNYS's small business lending volume is considered only satisfactory due to the high concentration of activity in the credit card lending category.

Of the 88 lenders that originated small business loans within the bank's assessment area in 2001, CNYS ranked 11th with 2.91% of the market by number and 3rd with 5.6% by dollar volume.

MSA 1280 (Buffalo-Niagara Falls)

In 2000, the bank made 47.5% by number and 47.7% by dollar volume of their small business loans in this MSA. In 2001, the ratios were 47.7% and 45.4%, respectively.

Of the 70 lenders that originated small business loans in this MSA in 2001, CNYS ranked 13th, with 1.9% of the market by number and 3rd, with 4.2% of the market by dollar volume.

MSA 6840 (Rochester)

In 2000, the bank originated 52.5% of the number and 52.3% of the dollar volume of its small business loans in Monroe County. In 2001, the ratios were 52.3% and 54.6%, respectively.

Of the 76 lenders that originated small business loans in the area in 2001, CNYS ranked 9th, with 4.13% of the market by number and 4th, with 7.23% of the market by dollar volume.

Assessment Area Lending: "Low Satisfactory"

The analysis of assessment area concentration reflects only on the lending of CNYS, exclusive of the activities of its affiliates. The table below indicates that bank made only an adequate percentage of loans in the assessment area during the evaluation period, reflecting marginal performance in the HMDA category and a high assessment area concentration in the small business category.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA										
2000	543	64.3%	301	35.7%	844	23,054	54.8%	19,041	45.2%	42,095
2001	387	56.3%	301	43.8%	688	35,429	55.1%	28,923	44.9%	64,352
Subtotal	930	60.7%	602	39.3%	1,532	58,483	54.9%	47,964	45.1%	106,447
Small Business										
2000	1,086	94.6%	62	5.4%	1,148	103,279	94.7%	5,809	5.3%	109,088
2001	991	92.9%	76	7.1%	1,067	97,015	89.2%	11,709	10.8%	108,724
Subtotal	2,077	93.8%	138	6.2%	2,215	200,294	92.0%	17,518	8.0%	217,812
Total	3,007	80.3%	740	19.7%	3,747	258,777	79.8%	65,482	20.2%	324,259

HMDA-Reportable Loans

CNYS made a marginally reasonable percentage of HMDA reportable loans in the assessment area. The above table shows that in 2000, the bank originated 844 HMDA reportable loans totaling \$42.1 million, of which 543 (64.3%) loans totaling \$23.1 million (54.8%) were in the assessment area. The assessment area concentration decreased in 2001, with the bank originating 688 loans totaling \$64.4 million, of which only 387 loans (56.3%) totaling \$35.4 million (55.1%) were in the assessment area.

Small Business Loans

CNYS has a high level of small business lending in the assessment area. The above table shows that in 2000, the bank originated 1.14 thousand small business totaling \$109.1 million, of which 1.1 thousand (94.6%) or \$103.3 million (94.7%) were within the assessment area. In 2001, bank's overall lending volume was relatively unchanged, at close to 1.1 thousand small business loans totaling \$108.7 million, but assessment area lending declined slight to 991 loans (92.9%) for \$97.0 million (89.2%) extended within the assessment area.

Geographic Distribution: "High Satisfactory"

The geographic distribution of CNYS's lending reflects good penetration throughout the assessment area.

HMDA Reportable Loans

As shown in the table below, in 2000 the bank originated 1.5 thousand HMDA-reportable loans totaling \$95.8 million within the assessment area, of which 430 (27.8%) loans totaling \$11.8 million (12.3%) were in LMI census tracts. This is significantly higher than the corresponding 13.5% and 7.2% LMI penetration rates achieved by the aggregate. In 2001, of the 1.8 thousand HMDA reportable loans totaling \$136.4 million originated by CNYS within the assessment area, 380 (21.2%) loans totaling \$20.3 million (14.8%) were in LMI geographies. While reflecting a decline from the prior year, CNYS's LMI penetration rates remained well above the corresponding 9.3% and 5.0% rates achieved by the aggregate.

The following table shows a distribution of HMDA reportable loans according to census tract income level:

Distribution of HMDA Reportable Loans By Geography Income Level								
2000								
Geography	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$	%
Low	243	15.7%	3,564	3.7%	1,294	3.3%	44,088	1.5%
Moderate	187	12.1%	8,245	8.6%	3,956	10.2%	166,927	5.7%
Middle	701	45.3%	46,001	48.0%	19,602	50.3%	1,276,442	43.9%
Upper	417	26.9%	38,028	39.7%	14,114	36.2%	1,420,184	48.8%
N/A	1	0.1%	2	0.0%	5	0.0%	312	0.0%
Total	1,549	100.0%	95,840	100.0%	38,971	100.0%	2,907,953	100.0%
2001								
Geography	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	104	5.8%	3,601	2.6%	988	1.8%	37,435	0.8%
Moderate	276	15.4%	16,676	12.2%	4,098	7.5%	198,738	4.2%
Middle	916	50.9%	63,170	46.3%	27,026	49.5%	1,983,871	42.4%
Upper	502	27.9%	52,991	38.8%	22,443	41.1%	2,459,082	52.6%
N/A	-	0.0%	-	0.0%	5	0.0%	348	0.0%
Total	1,798	100.0%	136,438	100.0%	54,560	100.0%	4,679,474	100.0%

MSA 1280 (Buffalo-Niagara Falls)

The bank's geographic distribution of HMDA-related loans in MSA 1280 was excellent. In 2000, of its 739 (\$39.8 million) loans extended in this MSA, 227 (30.7%) loans totaling \$7.4 million (18.6%) were originated in LMI geographies. These are well above the corresponding 14.4% and 7.8% LMI penetration rates achieved by the aggregate. While LMI penetration declined in 2001 to 1.2 thousand (\$88 million) loans, of which 235 (19.3%) loans totaling \$9.7 million (11.0%) were in LMI geographies, the bank continued to perform above the aggregate's corresponding 9.7% and 5.0% LMI penetration rates.

MSA 6840 (Rochester)

The bank's geographic distribution of HMDA-related loans is also excellent in the Monroe County portion of this MSA. In 2000, of the 810 (\$56 million) loans extended, 203 (25.1%) HMDA loans totaling \$4.4 million (7.9%) were in LMI geographies, significantly higher than the aggregate's penetration rate of 12.3% by number, and slightly higher than its 6.7% penetration rate based on dollar volume. In 2001, the bank made 582 (\$48.4 million) HMDA loans in this MSA, of which 145 (24.9%) loans totaling \$10.6 million (22.0%) were in LMI geographies, significantly higher than 8.9% and 5.1%, respectively, for the aggregate.

Small Business Loans

The table below shows that in 2000, the bank originated 2.7 thousand small business loans totaling \$112.7 million within the assessment area, of which 418 (15.6%) loans totaling \$24.6 million (21.8%) were made to businesses in LMI geographies, compared with 17.7% by number and 21.6%, by dollar volume for the aggregate. In 2001, the bank originated 1.0 thousand (18.9%) small business loans totaling \$26. million (22%) in LMI geographies, slightly above 18.1% and 21.1%, respectively, for the aggregate.

The table below shows a distribution of small business loans by tract income levels for both the bank and the aggregate:

Distribution of Small Business Loans By Geography Income Level								
2000								
Geography	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	124	4.6%	6,020	5.3%	1,969	5.6%	123,329	6.9%
Moderate	294	11.0%	18,555	16.5%	4,249	12.1%	262,867	14.7%
Middle	1,250	46.9%	52,999	47.0%	15,957	45.6%	794,713	44.5%
Upper	958	35.9%	33,686	29.9%	11,660	33.3%	555,840	31.1%
N/A	41	1.5%	1,413	1.3%	1,194	3.4%	49,725	2.8%
Total	2,667	100.0%	112,673	100.0%	35,029	100.0%	1,786,474	100.0%
2001								
Geography	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	300	5.5%	6,477	5.5%	1,976	5.6%	110,267	6.1%
Moderate	729	13.4%	19,526	16.5%	4,422	12.5%	270,566	15.0%
Middle	2,600	47.8%	56,615	47.9%	16,388	46.4%	822,618	45.6%
Upper	1,714	31.5%	34,365	29.1%	11,178	31.6%	550,082	30.5%
N/A	100	1.8%	1,311	1.1%	1,364	3.9%	52,276	2.9%
Total	5,443	100.0%	118,294	100.0%	35,328	100.0%	1,805,809	100.0%

MSA 1280 (Buffalo-Niagara Falls)

The distribution of small business loans across census tracts of different income levels in MSA 1280 is good. In 2000, CNYS made 213 (16.8%) small business loans totaling \$12.3 million (22.9%) in LMI geographies, slightly lower than 18.6% and 23.3%, respectively, for the aggregate. In 2001, the bank and affiliates made 508 (19.6%) small business loans totaling \$11.9 million (22.1%), on par with 19% and 22%, respectively, for the aggregate.

MSA 6840 (Rochester)

The bank's geographic distribution of small business loans reflects good penetration in the Monroe County portion of the Rochester MSA. In 2000, CNYS made 205 (14.7%) small business loans totaling \$12.3 million (20.8%) in LMI geographies, slightly lower than 16.6% by number for the aggregate and slightly higher by dollar volume than 19.2% for the aggregate. In

2001, the bank made 521 (18.3%) small business loans totaling \$14.1 million (21.8%), comparing favorably with 16.9% and 19.8%, respectively, for the aggregate.

Borrower Characteristics: "High Satisfactory"

The distribution of borrowers reflects, given the products offered, good penetration among customers of different income levels and businesses of different sizes.

HMDA-related loans

The table below shows that of 1.5 thousand (\$95.8 million) HMDA reportable loans extended by the bank in 2000, 519 (33.5%) loans totaling \$24.7 million (25.8%) were to LMI individuals, slightly above 33.2% by number and 21.7% by dollar amount for the aggregate. In 2001, of the 1.8 thousand loans (\$136.4 million) HMDA reportable loans extended in the assessment area, 675 (37.5%) or \$36.0 million (26.4%) were to LMI borrowers, comparing favorably with 27.0% and 17.2%, respectively, for the aggregate.

The tables below illustrate the borrower distribution of HMDA-related activity for the bank and aggregate for 2000 and 2001:

Distribution of HMDA Reportable Loans By Borrower Income Level								
2000								
Borrower Income	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	172	11.1	6,843	7.1	3,899	10.0	148,008	5.1
Moderate	347	22.4	17,901	18.7	9,053	23.2	483,100	16.6
Middle	410	26.5	26,625	27.8	10,516	27.0	689,610	23.7
Upper	428	27.6	39,214	40.9	14,032	36.0	1,409,414	48.5
N/A	192	12.4	5,257	5.5	1,471	3.8	177,821	6.1
Total	1,549	100.0	95,840	100.0	38,971	100.0	2,907,953	100.0
2001								
Borrower Income	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
Low	207	11.5	9,187	6.7	3,992	7.3	169,601	3.6
Moderate	468	26.0	26,848	19.7	10,774	19.7	637,475	13.6
Middle	454	25.3	32,923	24.1	14,447	26.5	1,054,893	22.5
Upper	512	28.5	51,300	37.6	22,665	41.5	2,506,453	53.6
N/A	157	8.7	16,180	11.9	2,682	4.9	311,052	6.6
Total	1,798	100.0	136,438	100.0	54,560	100.0	4,679,474	100.0

MSA 1280 (Buffalo-Niagara Falls)

The lending distribution according to borrower characteristics reflects excellent penetration among individuals of different income levels. Of the 736 HMDA-reportable loans extended by the bank in this area in 2000, 272 (37.0%) loans were made to LMI individuals, comparing favorably with 33.4% for the aggregate. In 2001, of the 1.2 thousand HMDA-reportable loans originated in the MSA, 438 (36.2%) were to LMI borrowers, comparing favorably with 26.4%

for the aggregate.

MSA 6840 (Rochester)

CNYS's lending distribution based on borrower characteristics reflects excellent penetration among individuals of different income levels in this MSA. Of the 806 loans extended in 2000, 247 (30.7%) loans were to LMI individuals, below 33.2% for the aggregate. While the number of LMI loans decreased in 2001, the LMI penetration rate improved considerably, with 237(40.8%) out of 581 HMDA reportable loans extended to LMI borrowers. This compared favorably with the aggregate's 28.0% LMI penetration rate.

Small Business Loans

As shown in the table below, in 2000 the bank originated 90.9% by number of its assessment area small business loans in amounts of less than or equal to \$100 thousand, slightly above 89.8% for the aggregate. In 2001, CNYS's penetration rate for loans in this category increased to 95.8%, above the aggregate's rate of 89.6%. However, the high percentage of loans in small dollar amounts is attributable to the bank's small business credit card business. Credit card loans comprised 59.6% and 82.3% of the number of small business loans in 2000 and 2001, respectively.

Distribution of Small Business Loans By Loan Size								
Loan Size (\$000's)	2000				2001			
	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
<=\$100	2,424	90.9%	31,462	89.8%	5,215	95.8%	31,645	89.6%
> \$100 <=\$250	161	6.0%	1,760	5.0%	143	2.6%	1,793	5.1%
> \$250<=\$1,000	82	3.1%	1,807	5.2%	85	1.6%	1,890	5.3%
Total	2,667	100.0%	35,029	100.0%	5,443	100.0%	35,328	100.0%

The table below shows that in 2000, the bank extended 1.5 thousand (54.8%) loans for \$15.1 million (13.6%) to businesses with annual revenue under \$1, well above 37.3% by number, but below 24.2% by dollar volume, for the aggregate. In 2001, these originations more than doubled to 3.9 thousand (71.9%) totaling \$24.3 million (20.5%), well above 40.1% by number and below 26.7% by dollar volume for the aggregate.

Distribution of Small Business Loans By Borrowers' Revenue								
2000								
Revenue Size \$000's	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
<=\$1,000	1,461	54.8%	15,120	13.4%	13,057	37.3%	431,668	24.2%
2001								
Revenue Size \$000's	Bank				Aggregate			
	#	%	\$000's	%	#	%	\$000's	%
<=\$1,000	3,912	71.9%	24,307	20.5%	14,150	40.1%	482,911	26.7%

MSA 1280 (Buffalo-Niagara Falls)

The distribution of small business loans to customers and businesses of different sizes in MSA 1280 is good. In 2000, the bank made 90.1% by number of its small business loans in amounts of less than or equal to \$100 thousand, slightly above 89.5% for the aggregate. In 2001, the bank's penetration rate in this category increased to 95.7%, exceeding 89.2% for the aggregate.

In 2000, the bank extended 726 (57.3%) small business loans totaling \$5.9 million (11.0%) to businesses with annual revenues of less than \$1 million, well above 36.5% by number and well below 23.5% by dollar volume for the aggregate. In 2001, the bank made 1.8 thousand (71.2%) small business loans totaling \$10.1 million (18.8%) to businesses with annual revenues of under \$1 million, well above 36.8% by number and below 24.5% by dollar volume for the aggregate.

MSA 6840 (Rochester)

The distribution of small business loans to businesses of different sizes in Monroe County is also good. In 2000, the bank made 91.6% of the number of small business loans in amounts of less than or equal to \$100 thousand, slightly above 90.3% for the aggregate. In 2001, the bank's penetration rate in this category increased to 95.9%, exceeding 90% for the aggregate.

In 2000, the bank made 735 (52.5%) small business loans totaling \$9.2 million (15.7%) to businesses with annual revenues of less than \$1 million, well above 38.3% by number and well below 25.1% by dollar volume for the aggregate. In 2001, the bank made 2.1 thousand (72.5%) small business loans totaling \$14.2 million (22.0%) to businesses with annual revenues of less than \$1 million, well above 44.3% by number and below 29.7% by dollar volume for the aggregate.

Community Development Loans: "High Satisfactory"

CNYS had a relatively high level of community development loans and made occasional use of innovative and/or complex community development loans during this review period. The bank's lending is satisfactorily responsive to community needs.

In March 2000 the bank formed the Center for Community Development Enterprise (CCDE), as part of Citicorp and Travelers Group's \$115 billion, ten-year commitment to lending and investing in small businesses and LMI communities. CCDE draws resources from across Citigroup's businesses to provide innovative, comprehensive, and cost-effective financing packages to organizations engaged in community development in the United States. In addition, the bank employed a community development lender to implement a formal community development lending program through CCDE.

During the review period, community development commitments totaled nearly \$38.8 million, including \$30.5 million (78.6%) in new money. It is noted that almost sixty-nine percent, by number, of the bank's total community development loans are in the form of one-year lines of credit.

As shown in the table below, a substantial majority of the community development lending, \$22.2 million (57.2%) supported affordable housing, \$8.6 million (22.2%) targeted community services and \$7.2 million (18.5%) supported revitalization or stabilization activities.

Qualified Community Development Lending Activity: 2000-2001										
Type of Credit	Affordable Housing		Community Services		Revitalization/ Stabilization		Economic Development		Total	
	Comm't \$000s	New \$ \$000s	Comm't \$000s	New \$ \$000s	Comm't \$000s	New \$ \$000s	Comm't \$000s	New \$ \$000s	Comm't \$000s	New \$ \$000s
Line of Credit	13,035	12,715	8,438	1,325	240		750	375	22,463	14,415
Mortgage	5,687	5,687	-	-	1,050	1,050	-	-	6,737	6,737
Mini-Perm	-	-	-	-	5,887	5,887	-	-	5,887	5,887
L/ Cs	3,500	3,500	200	-	-	-	-	-	3,700	3,500
Total	22,222	21,902	8,638	1,325	7,177	6,937	750	375	38,787	30,539

Some of the bank's notable community development loans include the following:

The Community Preservation Corporation (CPC) – In 2000, the bank extended two equal lines of credit totaling \$3.5 million to CPC for short-term construction and to purchase collateral trust notes backed by mortgages on affordable multifamily housing. In 2001, the bank increased the lines to \$7 million. CPC is a non-profit corporation that provides mortgages in the specialized area of LMI housing in New York State. The organization makes construction and long-term loans to private and non-profit owners to create, rehabilitate, and preserve both rental and privately owned residential properties. CPC helps communities meet a wide range of affordable housing needs, including housing for the elderly, people with special needs, LMI families and first-time homebuyers.

Lackawana Senior Housing LP (LSH) – In December 2000, the bank extended a \$4.8 million, 5 1/2- year construction and bridge mortgage loan to LSH to finance the construction and lease-up of 113 residential rental units targeted to seniors at the 62-73% level of Erie County HUD Median Household Income (two-person household). A portion of the project's total cost was provided by a subsidized loan from Erie County.

Tryon Park Apartments (TPA) – In May 2000, the bank extended a \$1.7 million permanent mortgage to TPA. The proceeds of the loan will finance Tryon Park Apartments, a low- and moderate-income housing initiative owned by Rochester Civic Housing, Inc., a not-for-profit corporation.

Rural Opportunities Enterprises Center, Inc. (ROECI) – In July 2000, the bank underwrote a 50% participation in a \$750 thousand credit line to ROECI to support a small business loan

program that offers loans from \$25 to \$75 thousand to qualified LMI businesses. ROECI is a private, not-for-profit regional community development and human service organization providing services to farm workers, LMI families and economically depressed communities throughout New York.

The Health Association, Inc. – In June 2000, the bank granted an \$800 thousand, one-year line of credit to the Association to fund receivables and provide interim financing during delays from large funding sources, notably Medicaid. The Health Association is a non-profit organization that provides centralized support functions for 15 human service programs in the areas of alcohol and substance abuse, health education and advocacy, and mental health, serving a primarily LMI population.

Ibero American Action League (IAL) – In April 2000, the bank granted a \$30 thousand term loan to IAL to fund renovations of individual residential housing facilities for LMI developmentally disabled individuals. In addition, in July 2000, the bank extended a \$141 thousand mortgage to IAL, on individual residential alternative housing facilities for LMI developmentally disabled. In September 2000, the bank also originated a \$1 million mortgage to the above organization, on a community center rehabbed for program services to LMI minority individuals. In September 2001, the bank increased a line of credit to \$680 thousand from \$500 thousand.

Established in 1968 to provide job training and counseling for Rochester's Hispanic population, IAL is the largest Hispanic social service organization in Upstate New York. Although its bilingual and bicultural programs and services target primarily Hispanics, IAL serves all ethnic groups. Its support services enable people to achieve financial and social independence. Populations targeted include families receiving public assistance, teenage parents, senior citizens, developmentally disabled children and adults, victims of domestic violence, female heads of households and displaced workers.

Woodland Place, L.P. (WP) – In February 2001, the bank issued a \$3.5 million letter of credit providing credit enhancement for NYS Housing Finance Agency Multi-family Housing Revenue Bonds. The proceeds of the bonds will fund the construction of Woodland Place apartments, an 86-unit affordable senior rental housing project in Lancaster.

Charter School For Applied Technologies (CSAT) – In December 2001, the bank granted a \$5.9 million mini-permanent loan to CSAT to finance the acquisition of a new charter school in Tonawanda, New York. Although not located in an LMI census tract, many of the students will come from LMI backgrounds and areas of Buffalo. Of the 570 students registered in the school as of July 2001, 46% receive free meals and 22% get reduced price meals.

Rochester Housing Development Fund, Inc. (RHDF) – In October 2001, the bank participated for \$875 thousand, along with The Enterprise Foundation, Greater Rochester Housing Partnership, United Way of Rochester and the City of Rochester, in a \$9 million line managed by JP Morgan Chase. The RHDF will use the line to acquire and rehab approximately 130 foreclosed HUD properties in Rochester for resale to LMI individuals.

Rochester Civic Housing, Inc. (RCH) – In December 2001, the bank granted RCH a \$3.8 million permanent mortgage on three apartment complexes (with 516 affordable rental units) located in the City of Rochester. RCH was formed in 1954 under the guidance of the City of Rochester to hold and maintain three affordable apartment complexes in the City of Rochester.

Flexible and/or Innovative Lending Practices: “Outstanding”

The CNYS makes extensive use of innovative and/or flexible lending practices in serving assessment area credit needs. The bank offers special loan products on a national level, including the CitiAffordable Mortgage Program, Community Home Buyer’s Mortgage Program and Fannie Neighbors Mortgage program, designed to meet the needs of LMI borrowers. In addition, the bank works with assessment area-based community mortgage consultants and non-profit organizations to create innovative affordable mortgage programs. These programs offer flexible credit guidelines, including:

- Low down payment requirements
- No cash reserve requirements for single-family properties
- Unsecured loans to assist with down payment and closing costs
- Expanded housing and debt to income ratios
- Recognition of alternative sources of income
- Non-traditional methods of furnishing a credit history

The following is a description of bank’s two most flexible and popular mortgage programs:

The CitiAffordable Purchase Assistance Program (CPAP) – This program offers LMI borrowers the option to put as little as \$500 toward a total down payment of 3%. The balance may come from a gift, grant, or CNYS unsecured installment loans. This product requires pre- and post-purchase counseling. During the review period, the bank made 10 loans totaling \$431 thousand under this program.

CitiAffordable Mortgage Program (CAMP) – This program is available to borrowers at 100% of the area median income, or those purchasing in LMI tracts. The program features low down payment and flexible qualifying guidelines. The bank made 11 loans (\$573 thousand) since the prior CRA assessment.

The bank also participates in various Federal programs, including FHA and VA. In 2001, approximately 27.6% and 3.6% of HMDA loans originated by the bank reflected FHA and VA loans, respectively. The corresponding percentages for 2000 were 18.4% and 2.6%, respectively.

In 2000, CNYS collaborated with Fannie Mae to provide \$12 billion in affordable mortgages nationwide over a five-year period. This partnership includes the expansion and introduction of flexible mortgage initiatives that address the needs of LMI borrowers, minority homebuyers and new immigrants. Of the \$12 billion, Upstate New York was allocated \$410 million.

According to management, more than \$8 billion in mortgages have been closed nationwide under this program as of July 2002, including nearly \$91 million in Upstate New York.

In addition, the bank collaborates with local governments and non-profit groups to offer various affordable lending programs tailored to area-specific needs. Some of these programs permit borrowers to obtain funds from gifts or grants, while others offer larger, unsecured loans in exchange for more borrower equity in the home. These programs include the following (*note that data indicating the number of loans extended under these programs was not available*):

City of Buffalo Employer Assisted Housing – Under this program, the City of Buffalo encourages homeownership and helps employees to live closer to work. This program provides \$5 thousand forgivable loans to cover down payment and closing costs, free homeownership education seminars with additional fee and interest rate reductions.

City of Buffalo New Housing Program– This program combines CNYS's affordable mortgage programs with homebuyer assistance from the City of Buffalo of up to \$25 thousand, for the purchase of a primary residence.

City of Buffalo West Side Initiative – Under this program, the City of Buffalo provides a city assistance loan to help fund the purchase and rehabilitation of a primary residence by a first time homebuyer. Borrowers not qualified for the loan may receive a \$4.5 thousand grant for a permanent interest rate buy-down.

City of Rochester Home Store– This program provides subsidized home sales prices, down payment grants, closing cost assistance and rehabilitation grants benefits to homebuyers.

Rochester Neighborhood Housing Services – This program combines CNYS's affordable mortgage programs with homebuyer assistance from NHS of up to 40% of the home's purchase price.

Rochester Affordable Housing Partnership– CNYS offers mortgages through CAMP, CPAP, or SONYMA, to buyers of affordable housing unit rehabilitations that are financed by CNYS's Center for Community Development Enterprise.

CNYS established a three-year program with the State of New York Mortgage Agency (SONYMA), in which the bank will originate mortgage loans in SONYMA-targeted areas to LMI borrowers and for properties in LMI geographies. Under this program, applicants receive counseling on home buying and CNYS waives 1¾ points of the loan origination fee. From January 2001 through June 2002, 17 (\$1.2 million) loans have closed under this program, with one more in process for Upstate New York. More than \$15 thousand in fees have been waived. This program was developed in connection with a 1998 agreement between Citigroup and the New York State Banking Department.

Recently, CNYS joined a number of non-profit groups on first-time homebuyer counseling

initiatives. In Rochester, the bank signed an agreement with Rural Opportunities, Inc. (ROI), a nonprofit organization that provides economic opportunity for LMI individuals. The partnership involves a referral process with seven CNYS financial centers. Clients attend orientation sessions designed to provide information about the program and classes offered. Upon enrollment, ROI provides counseling to clients on debt management and credit issues. CNYS provides a grant of two points or \$5 thousand in closing cost assistance to all successful participants of the first-time homebuyer classes.

CNYS is also developing homebuyer counseling programs in the Buffalo area. The bank works with organizations under the Neighborhood Housing Service of Buffalo Homeownership Center project, including Bethel Community Development Corporation, Black Rock-Riverside Neighborhood Housing Services, Hispanics United of Buffalo, Kensington Bailey Neighborhood Housing Services, Neighborhood Housing Services of South Buffalo, Old First Ward Community Center, Urban League of Buffalo and Belmont Shelter Corporation.

The bank is an SBA Preferred Lender, SBA Express and Fastrak Approved Lender. In 2001, CNYS originated one Fastrak loan (\$45 million), three 7A loans (\$595 million) and eight SBA Express loans (\$315 million). In 2000, the corresponding figures were four Fastrak loans (\$158 million), one 7A loan (\$150 million) and six SBA Express loans (\$564).

The bank participates in the State of New York's Linked Deposit Program, under which eligible small business borrowers qualify for a two to three percentage point interest rate reduction. Manufacturing firms and wholesalers based in state designated Economic Development Zones qualify for a three percentage point reduction in borrowing costs, while those outside of the zones qualify for a two percentage point rate reduction. For each new account, the State opens a public funds certificate of deposit in a CNYS financial center at a rate corresponding two to three percentage points below market rates. In 2001, the bank opened three accounts under the Linked Deposit program.

In the summer of 2002, the City of Buffalo launched a major school rebuilding plan, involving the renovation of its 78 public schools and the construction of up to six new schools. The project set participation goals of 25% for minority contractors and 5% for women-owned companies, and a workforce participation goal of 23% for minorities and 7% for women. The bank and its affiliates are playing a leadership role in the Buffalo City Schools Project. The bank has a right of first refusal for all ancillary business related to the project and will finance the working capital needs of firms participating in the project, provide equipment leasing and underwrite SBA-guaranteed loans. In addition, the bank will offer mentoring to small businesses and provide educational seminars.

Flexible/Innovative Loan Programs January 1, 2000 – December 31, 2001
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Name of Program		2001		2000	
		Originations #	\$ 000s	Originations #	\$ 000s
Fannie Mae	Expanded Approval 1 (EA-1)	1	45	0	0
Fannie Mae	Expanded Approval 11 (EA-11)	1	92	0	0
Fannie Mae	Enhanced Fannie Neighbors with CHPB	1	24	1	58
Fannie Mae	Fannie 97	1	219	0	0
Fannie Mae	Flexible 97 Experiment	1	119	1	82
Fannie Mae	Citibank Unsecured Installment Loan	11	613	4	246
Fannie Mae	CAMP - Saleable	1	81	0	0
Fannie Mae	CPAP - saleable	1	67	0	0
Fannie Mae	Community 100	0	0	0	0
Fannie Mae	Saleable Subsidy Program	1	51	0	0
SONYMA	SONYMA Low Interest Rate	9	702	26	1,909
SONYMA	SONYMA Achieving the Dream Mortgage	0	0	0	0
	Greater Rochester Housing Partnership	0	0	1	51
Portfolio - PMI	CAMP With 2/1 Option	7	448	2	125
Portfolio - PMI	pecial Portfolio	6	319	0	0
Portfolio - PMI	Citibank Afford. Purchase Assist. (CPAP)	1	57	9	374
Total		42	2,837	44	2,845

II. Investment Test: "Outstanding"

The Investment Test evaluates the bank's record of helping to meet community credit needs through qualified investments. Qualified investments are evaluated based on the dollar amount of qualified investments, their level or degree of innovativeness and/or complexity, their level of responsiveness to community development needs, and the degree to which such investments are not routinely provided by private investors.

The bank has a significant level of qualified community development investments and grants, demonstrating good responsiveness to assessment area credit and economic development needs. The Center for Community Development Enterprise (CCDE) is responsible for managing the investment activities of the bank.

Qualified investments total \$25.6 million, of which \$1.2 million are non-recoverable grants. Approximately \$3.5 million are targeted security investments and \$14.9 million represent new money. Approximately \$11.2 million or 45.7% of the bank's total qualified investments support affordable housing while \$9.5 million or 38.8% support economic development.

The following are some of the notable qualified investments that the bank made during the review period:

Apollo Tax Credit VII - In July 2000, Citicorp North America invested \$2.8 million in the Apollo Housing Credit Fund. Citigroup is the sole investor in this affordable housing tax credit fund.

MidMark Equity Partners II, LP (MidMark II) – In September 2000, Citicorp USA invested \$1.3 million in MidMark II, a later-stage private equity SBIC that invests in US middle-market manufacturing, service and distribution companies with revenues of \$20 - \$150 million.

Syndicated Communications Venture Partners IV (Syncom) – In December 2000, Citigroup invested \$1.6 million in Syncom, a Delaware corporation formed to investment in minority owned and/or managed telecommunications companies. The fund targets developmental opportunities in urban markets, which have large numbers of underserved consumers of telecommunications and media products and services.

Richman USA Institutional TC Fund XXVII (FUND XXVII) – In November 2001, Citicorp USA invested \$1.3 million in Fund XXVII to finance Ellicott Houses in Buffalo. Ellicott Houses is a 64-unit affordable housing project targeted to LMI families. The Richman group is one of the nation's leading sponsors of Housing Tax Credit programs.

Brown Brothers 1818 Fund (BBH) – In December Citicorp USA invested \$1 million in BBH 1818 SBIC Fund. The 1818 Fund will make subordinated debt and equity investments in established operating companies.

Canyon Johnson Urban Fund – In August 2001, Citigroup invested \$984 thousand in Canyon Johnson Urban Fund. The fund plans to invest in urban real estate through acquisition, development and redevelopment via the origination of loans and mortgages directly or indirectly, secured by urban real estate. In addition, the fund seeks to provide economic opportunities for the largely underserved residents of the urban neighborhoods in which it invests.

Quad Ventures SBIC, L.P – In December 2001, Citicorp North America invested \$587 thousand in Quad Ventures SBIC. The fund invests in companies that produce products for the K-12, post secondary, and consumer products and services segments of the education industry. Products produced by companies in the K-12 and post secondary segments offer services for urban school districts and provide enhanced educational opportunities for LMI individuals.

The significant level of grants also reflects good responsiveness to the credit needs of the community. For example, the bank made a \$100 thousand donation to *Ibero-American Action League, Inc.*, a nonprofit organization that targets families receiving public assistance, teenage parents, senior citizens, developmentally disabled children and adults, victims of domestic violence, female heads of households and displaced workers. In addition, the bank made a \$100 thousand donation to *Enterprise Foundation*, a nonprofit, which supports the Enterprise Rochester Community Development Collaborative (ERCDC) in providing focused

technical assistance, operating support and project funding to community-based housing and development organizations that are implementing development projects within the City of Rochester.

Urban League of Rochester, a not-for-profit organization that operates several programs, which help minority and women business owners develop start-up businesses and expand existing businesses received \$54 thousand in grants from the bank.

Additionally, the bank made a \$58 thousand grant to *Rural Opportunities, Inc.*, a nonprofit organization, which provides economic development programs, including small business lending, micro-lending, housing development services, and adult training and education programs.

The banks also extended \$180 thousand in grants to non-profit organizations involved in childcare.

III. Service Test: “Outstanding”

The service test evaluates a banking institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of a banking institution's systems for delivering both retail banking and community development services.

Retail Banking Services: “High Satisfactory”

The bank's delivery systems are reasonably accessible to all portions of the assessment area.

In addition to the main office, the bank operates 21 full-service branches throughout the assessment area. Twelve branches are located in Monroe County, seven in Erie County and two in Niagara County. Of the 22 branches, only one is located in an LMI geography. Eight branches are adjacent to LMI census tracts.

To augment its relatively small branch network, the bank has a number of alternative delivery systems, which include 24-hour a day, seven days a week phone access (with both automated voice and telephone service representatives). ATMs are available at each branch. The bank's proprietary ATMs allows customers to perform transactions in five languages, including English, Spanish, Chinese, Korean and Greek. In addition, the bank has four off-site non deposit-taking ATMs, all in the assessment area. Of the 58 ATMs operated by the bank, only two are in LMI geographies. However, twenty are adjacent to LMI areas.

The bank also provides the following alternative delivery systems:

Citiphone Banking—provides customers access to their accounts anytime, anywhere, without a fee. CNYS Service Representatives provide personal assistance 24 hours a day, seven days a week. The bank offers Telecommunications Device for the Deaf (TTD/TTY) for

hearing-impaired customers, 24 hours. Customers can speak to a telephone service representative of the bank, or choose the bank's interactive voice response (IVR) system, which offers English or Spanish language options.

Citibank Online – The bank's PC banking service provides customers the ability to pay bills, transfer funds between accounts, check account balances, stop payment on checks, order travelers checks, review transactions made during the past 90 days, set up automatic transfers and payments, buy and sell stocks, obtain stock quotes, and communicate with customer service. There is no charge for PC banking, and the software is free. In 2002, Citibank Online was ranked #1 by Smart Money magazine and Gomez, an Internet quality measurement firm.

Citibank Website – Accessed through Citibank.com, the Citibank website is set up to provide information on services offered by the bank and help customers transact banking services. For small business customers, Citibank.com provides access to financial services and serves as a free information resource.

Bank at Work - Launched in 1995, the bank in partnership with companies and nonprofit organizations offers employees innovative, flexible and price-competitive packages of financial services. Employees can manage their finances, including checking, savings, loans, credit cards, and investments, through their Citibank account. Employees can also access on-site seminars on financial planning, investments and home buying. In addition, Bank at Work offers flexible options for day-to-day money management and long-term investments like buying a house.

Electronic Benefits Transfer – The bank's affiliate, Citicorp Electronic Financial Services, Inc. provides Electronic Benefit Transfer (EBT) service to the State of New York. With the EBT service, recipients of Food Stamp Program assistance, Temporary Assistance to Needy Families (TANF) and other benefit and assistance programs receive a plastic debit card which enables them to access their monthly benefits through Point-of-Sale (POS) terminals at local retailers or through ATM networks.

CNYS's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to LMI geographies and/or LMI individuals. Within the past two years, CNYS closed one ATM located in a moderate-income census tract. The bank maintains a branch closing policy.

Community Development Services: "Outstanding"

The bank is a leader in providing community development services in the assessment area. These services include:

Citibank Seminar Series – To reach out to LMI individuals and communities, the bank provides extensive consumer education seminars. Citibank's seminar series cover financial education topics at no charge to consumers. Seminar contents are available in Spanish. In

2001, the bank hosted 160 seminars, attended by over two thousand participants. In 2000, the bank conducted 78 seminars (attended by 650 participants) in Upstate New York.

Citipro Financial Needs Analysis – Citipro is a one-on-one service that gauges an individual's current financial health and creates a customized plan for obtaining financial goals. It focuses on five main customer needs, including, cash management, debt management, income protection (insurance), education and retirement. The bank conducted approximately 12.1 thousand Citipro analyses in Upstate New York between January 2000 and June 2002. Citipro is also available in Spanish.

Individual Development Accounts (IDA) – CNYS has taken a leadership role in helping to establish the IDA movement in the United States. IDAs are special savings programs that help low-income individuals work towards financial independence. The participant establishes a financial goal of purchasing a first home, continuing education or job training or starting a small business. The community development corporation uses funds from public and private sources to match the account holder's deposit. The Citigroup Foundation was the only financial institution to invest \$1 million in the American Dream Demonstration, the country's first national IDA learning demonstration.

Financial Literacy and Consumer Education – According to management, Financial Empowerment Program, a seven-part financial literacy workshop series, is one of the bank's most successful financial literacy programs. This workshop series, offered by YWCA of Rochester and Monroe County, with assistance from CNYS, is designed to help individuals achieve financial independence. The workshops cover areas of economic literacy such as basic budgeting, debt management and credit counseling, purchasing a home, income protection and saving for retirement.

CNYS staff serves as instructors and facilitators, and volunteers from the bank make guest appearances to discuss community mortgages and participate in credit counseling.

National Academy Foundation – Founded and chaired by Citigroup Chairman and CEO Sandy Weill, the National Academy Foundation is the Citigroup Foundation's flagship financial education program. Since 1999, the Foundation has provided more than \$6 million in grants to the National Academy Foundation and its Academy of Finance programs throughout the United States.

More than 1.7 thousand high school students participate in Academy of Finance programs.

Community Development Institute Program - This program seeks to develop managerial, program management and financial skills of practitioners engaged in neighborhood revitalization. CNYS sponsored two National Development Council (NDC) training programs through CD Capacity Building Program, a main component of the Community Development Institute.

In addition, the bank developed Citibank Community Development Institute and the Community

Summer Intern programs, designed to build capacity and leadership within the non-profit community development sector.

Community Summer Intern Program—Under the intern program, CNYS provides community development nonprofit organizations with grants of \$4 thousand to hire college interns for special projects. The goals of this program are to provide community development corporations with high quality human resources to work on special projects, and to attract new talent to the community development field. In 2001 and 2000, the bank provided grants to seven nonprofits.

The employees of the bank volunteer in more than 30 different schools and community organizations, including the following:

- *Habitat for Humanity* – This nonprofit organization works to eliminate substandard housing by building homes in partnership with people in need.
- *Junior Achievement’s Elementary School Program*—Five bank employees volunteer to teach classes under this Program. The purpose of the program is to educate and inspire young people to value free enterprise, business and economics to improve the quality of their lives.
- *Teach Children to Save*—This financial education initiative teaches children in grades K-12 about good spending and saving habits. The program focuses on non-profit organizations and LMI communities. Bank employees volunteer to teach at schools, through non-profit organizations and other programs serving youths, such as the Boy and Girl Scouts and local YMCAs.

Board Membership - Bank personnel are actively involved with various organizations in the community. Employees of CNYS or its affiliates are members of the boards and committees of more than 50 key community organizations, including Buffalo Neighborhood Housing Services, Flower City Habitat for Humanity, the Office of Urban Initiatives and the Rochester Downtown Development Corporation.

Small Business Outreach – CNYS also works with local organizations to provide small business seminars for minority- and women-owned businesses. Between January 2001 and July 2002, CNYS and the Urban League of Rochester conducted 40 small business seminars with over 500 people in attendance. Topics include: Ins and Outs of Business Banking, How to Apply for a Small Business Loans, and The Right Investment for Your Business.

The bank also offered business seminars through SCORE for the “Smart Start” program. Through the SBA steering committee, the bank collaborated with the Office of Urban Initiatives, the Urban League and Black Chamber of Commerce to offer “Straight Talk” small business seminars.

IV. Discrimination or Other Illegal Practices

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

Examiners noted no practices noted intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

During the review period, no evidence of prohibited discriminatory or other illegal credit practices were noted. The most recent regulatory compliance report concurrent with this assessment indicates satisfactory adherence to anti-discrimination or other applicable laws and regulations.

V. Process Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

One of the bank's primary ways of ascertaining local credit needs is by collaborating with key community groups, organizations and institutions. The bank collaborated with the YWCA of Rochester and Monroe County to create a successful financial literacy workshop series and Individual Development Account (IDA) initiative aimed at helping LMI women achieve financial independence. Upon completion of the workshop series, which covers financial topics, participants are set up with a CNYS IDAs that feature a 2-to-1 matching deposit.

The bank is currently working with residents and public officials in Buffalo as the City undertakes a massive 10-year school-rebuilding project. In response to educational challenges in Rochester, the bank is financing a bi-lingual charter school run by the Ibero-American Action League, a nonprofit organization involve in community development. The bank also helped to address the need for economic development and entrepreneurial activity in Rochester, by co-sponsoring small business seminars with the Urban League of Rochester. The bank collaborated with community groups to provide homeownership counseling to first-time homebuyers, in order to boost homeownership in urban neighborhoods.

The bank also encourages involvement by its employees with various key community organizations. The employees of the bank serve on the board and committees of several groups, including Buffalo Neighborhood Housing Services, Sojourner House, Rural Opportunities, City of Rochester CCDP Entrepreneur Development Program, Urban League, Flower City Habitat for Humanity, the Office of Urban Initiatives, and the Rochester Downtown

Development Corporation, to name a few.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

The bank utilizes individual and small business seminars to make members of the community aware of the credit services it offers. In 2001, the bank hosted 160 consumer seminars attended by approximately two thousand participants. In 2000, the bank conducted 78 seminars attended by over 650 participants.

CNYS also works with local organizations to provide small business seminars for minority- and women-owned businesses. Between January 2001 and July 2002, CNYS and the Urban League of Rochester conducted 40 small business seminars. Over 500 people attended the seminars

In addition, the bank has developed strategic partnerships to deliver its credit and services. CNYS works in partnership with various key community groups, local, national government agencies and community-based nonprofit organizations to make special credit programs available to LMI customers. For example, in 2000 the bank collaborated with Fannie Mae to provide \$12 billion nationally in affordable mortgage lending over a five-year period. In Upstate New York, the bank has made \$91 million in mortgages under this program, through July 2002.

As noted above, the bank also encourages its employees to take active roles in their local communities by serving on the boards and committees of various nonprofit organizations. This practice helps the employees develop business contacts and market credit services offered by the bank.

The extent of participation by the banking institution's board of directors/trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The bank maintains a CRA program that the board reviews and approves annually.

The board of directors meets every other month, during which time the CRA Officer provides CRA reports to the board and updates members on the bank's CRA activities. The update includes analysis of HMDA data, consumer and small business loan programs, community development programs, service initiatives and investments.

Branch management actively supports CRA programs through outreach, service initiatives and implementation of branch programs targeted to LMI customers and small businesses. Various areas of the bank, including commercial markets, community lending, Center for Community Development Enterprise and branch management meet regularly to discuss the bank's CRA initiatives.

VI. Other Factors

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None noted.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth

programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;

- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution’s retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area

("PMSA"), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide nonmetropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development ("HUD").

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide nonmetropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank's total loans extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.