
GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Citizens Bank, Flint Michigan** prepared by the **Federal Reserve Bank of Chicago**, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of **August 26, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U. S. C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

This institution is rated **outstanding record of meeting community credit needs** based on the findings presented below.

COMMUNITY PROFILE

The bank's main office is located in Flint, Michigan, which is in Genesee County in the state's lower peninsula. Flint is approximately 65 miles north of Detroit and 40 miles south of Saginaw. In addition to its main office, the bank has 90 branches located mostly throughout the eastern half of the state. The bank has five branches located in and around Sturgis, which is in the southwestern portion of the state. The bank has delineated 12 separate communities, commonly referred to as regions. Regions 1, 2, 4, 11 and 12 share a common border, and Regions 7, 8 and 10 share a common border. Each region is discussed in the following paragraph (demographic data is based upon the 1990 U.S. Census Data):

Region 1 - Bay City/Midland

This region encompasses the portion of Bay County south of Linwood Road, and Midland County north of Gordonville Road and east of Meridian Road M-30. This region contains 23 census tracts in Bay County and 12 census tracts in Midland County, all of which are located in the Bay City/Midland/Saginaw Metropolitan Statistical Area (MSA). The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	822	1
Asian	1,100	1
Black	1,775	1
White	144,687	96
Other Races	1,789	1
Total Persons	150,173	100
Total Minorities	7,564	5

The total number of housing units in the region is 59,487, of which 72% are owner-occupied, and 24% are rental properties. The median housing value in the region is \$48,200. The median family income of the residents within the region is \$34,989. Of the 35 census tracts located in the community, two are low-income, eight are moderate-income, 18 are middle-income, and seven

are upper-income tracts. There are no minority census tracts in this region. Approximately 1% of the residents are non-English speaking.

Region 2 - Flint

This region contains all of Genesee County and portions of Lapeer, Livingston, Oakland, Saginaw, and Shiawassee Counties. There are 134 census tracts located in this region, of which 101 are in the Flint MSA, 27 in the Detroit MSA, five in the Ann Arbor MSA, and one in the Saginaw MSA. There is also one Block Numbering Area (BNA) in the region. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	4,008	1
Asian	3,456	1
Black	85,274	14
White	507,131	84
Other Races	4,628	1
Total Persons	604,497	100
Total Minorities	102,636	17

The total number of housing units in the region is 232,208, of which 70% are owner-occupied and 25% are rental units. One-to-four family housing units account for 81% of the total housing stock. The median housing value in the community is \$54,700. The median family income of the residents within the region is \$39,543. Of the 134 census tracts in the region, 17 are low-income, 20 are moderate-income, 64 are middle-income, and 33 upper-income tracts. The BNA is an upper-income nonminority area. Twenty three of the region's census tracts are minority tracts. Approximately 1% of the community residents are non-English speaking.

Region 3 - East Lansing

This region is located mostly in Ingham County, with small portions of Clinton and Shiawassee Counties. There are 29 census tracts and one BNA in the region. All the census tracts are located in the Lansing/East Lansing MSA. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	549	0
Asian	5,195	4
Black	5,271	4
White	120,758	91
Other Races	1,387	1
Total Persons	133,160	100
Total Minorities	13,867	10

The total number of housing units in the region is 46,813, of which 55% are owner-occupied and 41% are rental units. The region contains a large student population, as Michigan State University is located within the region. One-to-four family housing units account for 63% of the total housing stock. The median housing value in the region is \$81,850. The median family income of the residents within the region is \$44,592. Of the 29 census tracts located in the region, one is low-income, three are moderate-income, 10 are middle-income, and 15 are upper-income tracts. There is one minority census tract; the BNA is an upper-income nonminority area. Approximately 2% of the region's residents are non-English speaking.

Region 4 - Fenton

This region includes portions of Genesee, Livingston, and Oakland Counties. There are 29 census tracts in the region, of which 15 are in the Flint MSA, three in the Ann Arbor MSA and 11 in the Detroit MSA. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	1,001	1
Asian	932	1
Black	2,246	1
White	147,742	97
Other Races	599	0
Total Persons	152,520	100
Total Minorities	5,954	4

The total number of housing units in the region is 56,747, of which 77% are owner-occupied and 18% are rental units. One-to-four family housing units account for 82% of the total housing stock. The median housing value in the region is \$82,900. The median family income of the

residents within the region is \$48,750. Of the 29 census tracts located in the region, 13 are middle-income and 16 are upper-income tracts. There are no low- or moderate-income or minority tracts in the region. Approximately 1% of the region's residents are non-English speaking.

Region 5 - Sturgis

This region is primarily located in St. Joseph County, with the remaining portion in Branch County. There are 20 BNAs in the Sturgis region. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	410	1
Asian	350	0
Black	1,646	2
White	71,445	96
Other Races	215	0
Total Persons	74,066	100
Total Minorities	3,032	4

The total number of housing units in the region is 30,987, of which 66% are owner-occupied, with rental and vacant units accounting for 22% and 12% of the remaining units, respectively. One-to-four family housing units account for 81% of the total housing stock. The median housing value in the region is \$43,500. The median family income of the residents within the region is \$30,111. Of the 20 BNAs in the region, two are moderate-income, 12 are middle-income and six are upper-income areas. There are no low- or moderate-income or minority BNAs in the region. Less than 1% of the region's residents are non-English speaking.

Region 6 - Ypsilanti

The entire regional is within Washtenaw County. There are 29 census tracts located in the region, all of which are located in the Ann Arbor MSA. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	371	0
Asian	2,937	3
Black	20,872	20
White	78,772	76
Other Races	610	1
Total Persons	103,562	100
Total Minorities	25,766	25

The total number of housing units in the region is 42,077, of which 52% are rental units and 45% are owner-occupied. One-to-four family and multifamily housing units account for 55% and 38% of the total housing stock, respectively. The median housing value in the region is \$72,500. The median family income of the residents within the region is \$38,261. Of the 29 census tracts in the region, four are low-income, 10 are moderate-income, 13 are middle-income, and two are upper-income tracts. There are three minority census tract in the region. Approximately 1% of the region's residents are non-English speaking.

Region 7 - Clinton

The entire region is in Macomb County. There are 43 census tracts in the Clinton region, all in the Detroit MSA. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	687	0
Asian	1,224	1
Black	3,673	3
White	132,405	96
Other Races	287	0
Total Persons	138,276	100
Total Minorities	7,009	5

The total number of housing units in the region is 54,052, of which 71% are owner-occupied and 27% are rental units. One-to-four family housing units account for 80% of the total housing stock. The median housing value in the region is \$67,000. The median family income of the residents within the region is \$40,924. Of the 43 census tracts located in the region,

one is moderate-income, 37 are middle-income, and five are upper-income tracts. There is one minority census tract in the region. Approximately 2% of the region's residents are non English speaking.

Region 8 - Troy/Rochester

The entire region is in Oakland County. There are 72 census tracts in the region, all of which are located in the Detroit MSA. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	985	0
Asian	9,073	3
Black	4,550	2
White	277,606	95
Other Races	881	0
Total Persons	293,095	100
Total Minorities	18,014	6

The total number of housing units in the region is 119,218, of which 69% are owner-occupied and 28% are rental units. One-to-four family housing units account for 76% of the total housing stock. The median family income of the residents within the region is \$47,299. Of the 72 census tracts in the region, three are moderate-income, 38 are middle-income, and 31 are upper-income tracts. There are no minority census tracts in the region. The median housing value in the region is \$67,000. Approximately 2% of the region's residents are non-English speaking.

Region 9 - Grayling

This region consists of Crawford and Otsego Counties. There are 11 BNAs in the region. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	245	1
Asian	83	0
Black	280	1
White	29,596	98
Other Races	13	0
Total Persons	30,217	100
Total Minorities	753	2

The total number of housing units in the region is 19,396, of which 44% are owner-occupied, with rental and vacant units accounting for 12% and 43% of the remaining units, respectively. One-to-four family housing units account for 81% of the total housing stock. The median housing value in the community is \$48,800. The median family income of the residents within the region is \$26,267. Of the 11 BNAs in the region, one is moderate-income, seven are middle-income, and three are upper-income areas. There are no minority BNAs in the region. Less than 1% of the region’s residents are non English speaking.

Region 10 - Royal Oak

The entire region is within Oakland County. There are 97 census tracts in the region, all located within the Detroit MSA. The racial composition of the region’s population is as follows:

Race	Number	Percentage (%)
American Indian	1,582	0
Asian	8,238	2
Black	38,669	11
White	318,184	86
Other Races	1,183	0
Total Persons	367,856	100
Total Minorities	52,510	14

The total number of housing units in the region is 155,415, of which 64% are owner- occupied, and rental and vacant units account for 32% and 4% of the remaining units, respectively. One-to-four family and multifamily housing units account for 75% and 22% of the total housing stock, respectively. The median housing value in the region is \$74,800. The median family income of the residents within the region is \$44,138. Of the 97 census tracts in the region, 11 are moderate-income, 52 are middle-income, and 34 are upper-income tracts. There are seven minority census tracts in the region. Approximately 3% of the region’s residents are non-English speaking.

Region 11 - Saginaw

This region is primarily located in Saginaw County, with small portions located in western Tuscola and southern Bay Counties. There are 53 census tracts and 5 BNAs in the region. All the census tracts are in the Saginaw/Bay City/Midland MSA. The racial composition of the region’s population is as follows:

Race	Number	Percentage (%)
American Indian	807	0
Asian	1,425	1
Black	37,087	18
White	161,080	78
Other Races	7,039	3
Total Persons	207,438	100
Total Minorities	51,001	25

The total number of housing units in the region is 80,884, of which 66% are owner-occupied, with rental and vacant units accounting for 30% and 4% of the remaining units, respectively. One-to-four family and multifamily housing units account for 83% and 10% of the total housing stock, respectively. The median housing value in the region is \$45,550. The median family income of the residents within the region is \$33,471. Of the 53 census tracts and five BNAs in the region, 10 are low-income, nine are moderate-income, 28 are middle-income, and 11 are upper-income areas. There are 11 minority census tracts in the region. Approximately 1% of the region's residents

are non-English speaking.

Region 12 - Standish

This region encompasses all of Aranac County and portions of northern Bay and southeastern Ogemaw Counties. There are three census tracts and seven BNAs in the region. The three census tracts are in the Saginaw/Bay City/Midland MSA. The racial composition of the region's population is as follows:

Race	Number	Percentage (%)
American Indian	347	1
Asian	40	0
Black	26	0
White	29,367	98
Other Races	91	0
Total Persons	29,871	100
Total Minorities	806	3

The total number of housing units in the region is 15,993, of which 56% are owner-occupied, with rental and vacant units accounting for 12% and 31% of the remaining units, respectively. One-to-four family and mobile housing units account for 79% and 17% of the total housing stock, respectively. The median housing value in the region is \$39,600. The median family income of the residents within the region is \$23,455. Of the three census tracts and seven BNAs in the region, five BNAs and one census tract are moderate income, and two BNAs and two census tracts are middle-income. There are no low- or upper-income, or minority census tracts or BNAs in the region. Less than 1% of the region's residents are non-English speaking.

Major employers throughout the regions (based upon the 1995 Michigan Manufacturers Directory) are as follows:

Business Name	Number Employed	Product Manufactured
GM Corp. Buick Division (Flint)	20,000	Auto manufacturer
GM Powertrain Flint Components	3,100	Transmission & motor parts
GM Corp (AC Roch. Div.)(Flint)	8,500	Motor parts and components
AEG Schneider Automation (Flint)	2,500	Computer parts

Business Name	Number Employed	Product Manufactured
AC Spark Plug Division (Flint)	12,000	Spark pugs
GM Corp. Foundry (Saginaw)	3,500	Foundries
GM Corp. Saginaw Division	11,000	Motor & steering parts
Dow Chemical (Bay City)	275	Plastic film & parts
Newcor Bay City	230	Specialty machinery
Auto Air Components (Lansing)	225	Tools, dies, fixtures, etc.
Demmer Corp. (Lansing)	300	Metal stampings
GM Corp. Olds. Div.(Lansing)	900	Autos and motors
GM Powertrain (Ypsilanti)	11,200	Transmissions & motors
GM Corp. (Ypsilanti)	5,900	Motor parts & components
Ford Motor Corp. (Ypsilanti)	2,432	Motor parts & components
Creative Foam Corp. (Fenton)	500	Plastics
Lear Seating Corp. (Fenton)	205	Data processing & auto supplies
Burr Oak Tool & Gage (Sturgis)	380	Specialty machinery
Midwest Plastic Engnrg. (Sturgis)	249	Plastic components
Deco Grand Inc. (Royal Oak)	285	Screw machine products
Hawthorne Metal (Royal Oak)	350	Metal stamping

Based upon the State of Michigan Department of Employment Security data, August 1995 and 1996, unemployment rates are 5.0% and 4.2%, respectively, compared to the U.S. unemployment rates for August 1995 and 1996 of 5.6% and 5.1%, respectively.

BANK PROFILE

Citizens Bank, Flint, with total assets of \$3.2 billion as of June 30, 1996, is a wholly-owned subsidiary of Citizens Banking Corporation. The bank offers a full range of direct and indirect credit products and services. Since the previous examination, the bank acquired four banks which currently serve the Sturgis, East Lansing, Fenton and Ypsilanti Regions. The acquisition occurred in March, 1995, and resulted in 20 additional branches. Also, in June 1996, some affiliated banks were merged under the bank's charter; these banks are now the branches that serve the Grayling, Saginaw, Standish, Bay City, Troy/Rochester, Clinton and Royal Oak Regions. These consolidations resulted in an additional 41 branches.

The bank's primary competitors are branches of First of America Bank - Michigan, National Association, Grand Rapids; Chemical Bank Bay Area, Bay City; First National Bank of Michigan, East Lansing; Michigan State University Federal Credit Union, East Lansing; The State Bank, Fenton; Sturgis Federal Savings Bank, Sturgis; branches of Society Bank, Michigan, Ann Arbor; branches of Comerica Bank; Huntington Banks of Michigan, Troy; branches of NBD Bank, Detroit; Chemical Bank North, Grayling; branches of Old Kent Bank, Grand Rapids; Royal Oak Credit Union, Royal Oak; branches of Michigan National Bank, Farmington Hills; and Chemical Bank Huron, Standish.

ASSESSMENT OF RECORD

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor (a) - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Regulatory Expectation

The Statement of the Federal Financial Supervisory Agencies regarding the Community Reinvestment Act (Policy Statement) indicates that an effective CRA process must include methods to ascertain community credit needs on an ongoing basis through outreach efforts to local governments, businesses, and community members and organizations. This ascertainment effort should include a system that facilitates dialogue with these individuals and groups and enables them to communicate their concerns to an officer of the financial institution.

Scope and Findings

A review of the bank's ascertainment program since the previous examination, which included membership in community organizations, officer call programs, surveys, and various

management reports and studies, was conducted. The scope of the review included the effectiveness and diversity of the ascertainment program, and the level of reporting to management and the bank's board of directors.

The bank's staff, management and directors participate within various community, civic, and professional groups and organizations to ascertain community credit needs. In conjunction with the annual self-assessment, management surveys its employees annually to identify their level of participation in community activities. Senior management, the CRA Committee and the board of directors review the results of the evaluation to ensure diversity of the contacts.

Examples of groups with which bank staff is affiliated are illustrated in the following list.

OFFICER, DIRECTORS AND STAFF AFFILIATIONS

American Association of Retired Persons
American Business Woman's Association
American Society for Industrial Security - Flint Chapter
American Society for Training and Development
Beautification Commission Task Force
Builders Association of Metro Flint
Burton Business Association
Burton Neighborhood Housing Services
Chamber of Commerce: Auburn Hills, Clio, Davidson, Durand, Fenton, Flint Area,
Flushing, Grand Blanc, Holly, Rochester, Saginaw, Swartz Creek, Troy
Citizens Research Council
City of Burton Steering Committee
City of Durand Planning Commission
City of Flint- Operation Brush-up
Clio Area School
Community Coalition of Greater Flint
Community Capital & Development Corporation
Community Development Properties, Inc.
Community Foundation of Greater Flint
Downtown Development Authority- Fenton
Durand Area School
Durand Merchants Association
Eastern Michigan Bankers Association
Eastern Michigan Mortgage Lenders Association
Fenton Area Development Corporation
Flag (Financial Learning of Genesee County)
Flint Area Association of Realtors
Flint Area Realtors
Flint/Genesee Committee Concerned with Housing
Flushing Moose Lodge

Genesee Area Association for Counseling and Development
 Genesee Area Focus Council
 Genesee Economic Area Revitalization (GEAR)
 Habitat For Humanity
 Kiwanis Club: Burton/Bentley, Davidson, Downtown Flint, Fenton, Flushing, Grand Blanc, Holly, Mt. Morris, West Flint,
 Lions Club: Fenton, Flint Downtown, Rankin
 Metropolitan Flint Residential Loan Review Committee
 Metropolitan Housing Corporation
 Mortgage Bankers Association - Eastern Michigan
 NAACP
 Rotary Club: Burton, Clio, Durand, Flint, Rochester,
 Saginaw City Planning Commission
 Salem Housing Task Force
 Swartz Creek United Methodist Church
 United Negro College Fund
 University of Michigan - Flint Scholarship Committee
 Urban Coalition of Greater Flint
 Village Planning Commission
 West Flint Business Association
 Woman's Council of Realtors - Genesee County

The bank maintains a formal dual purpose call program. **Community banking/affairs** officers located at branches throughout the regions focus on various affordable housing organizations, municipal governments, small businesses, and churches. In 1995, the bank had approximately five individuals dedicated to making these types of calls. The bank also maintains a traditional **officer call program**, which is composed of personnel from commercial and consumer credit (installment and mortgage), trust department, and various other operational and support staff, including the bank president. The program targets realtors, small businesses, municipal education and housing organizations and provides technical assistance for customers. The following chart summarizes the bank's efforts under the two different programs in 1995:

COMMUNITY BANKING/AFFAIRS CALLS		
Type of Calls	Number	Percentage (%)
Small Business	61	18.37
Neighborhood/Housing Organizations	35	10.54
Governments (city, county, etc.)	16	4.82
Individuals	18	5.42

Schools	91	27.41
Churches	37	11.15
Service Clubs/Organizations	74	22.29
Total	332	100.00

OFFICER CALLS		
Type of Calls	Number	Percentage (%)
Municipalities (housing)	39	1.83
Technical Assistance	47	2.21
Realtors	950	44.69
Small Business	789	37.11
Current/Potential Customers	186	8.75
Governments, Schools & Churches	99	4.66
Other	16	0.75
Total	2,126	100.0

As the previous charts illustrate, there were a total of 2,458 calls in 1995. This represents a 24.77% increase from 1994. The difference in focus of the two programs is evident in the composition of the calls. The community banking/affairs calls are diversified by type, with no one category accounting for more than 28% of the total calls and the two top categories accounting for 49.70%. The officer call program has two dominant categories, realtors and small business calls accounting for 81.80% of total calls combined. A sample of the calls indicated that they were made throughout the 12 regions.

In addition to the previously described ascertainment efforts, the bank has conducted three surveys since the previous examination. In the first quarter of 1996, the bank hired an outside firm which contacted 200 randomly selected residents of Flint's low-income and/or minority census tracts. The intent of the survey was to get the community's perception of the local credit needs and how well the bank is meeting those needs. The bank performed a similar survey in 1991, and the results were compared to the results of the 1996 survey. The surveys identified the following:

- , Citizens Bank continues to be the market leader with 28% of the market and the primary financial institution of the majority of the respondents.
- , The majority of the respondents, 61%, identified bank staff as the best source of information for credit and other banking needs.
- , The majority of the respondents, 91%, were aware of both federally and state-insured, housing-related programs.
- , Sixty-two percent of the respondents identified a strong need for housing rehab loans, while 60% identified low-income home loans, and 50% identified downtown business revitalization and minority business loans as needs.
- , Twenty-two percent of the respondents identified the need for home improvement loans. Automobile, student, credit card, personal and home purchase loans were also identified as needs.

In February 1996, the bank conducted a survey in the Fenton, East Lansing, Ypsilanti and Sturgis Regions. Approximately 21,000 questionnaires were mailed to residents seeking their opinion on the bank's performance; one of the survey questions requested information on the quality and availability of loan products and services. Of 282 respondents to the survey, approximately 45% of the respondents rated the bank's loan products and services as good or excellent; however, approximately 20% rated them as needing improvement.

Through the bank's ascertainment activities, management has identified a need for low-income housing for residents of Flint. As a result, in 1995, the bank began participating in the Metropolitan Housing Partnership Homebuyer Assistance Program (HOME). The program is designed to provide financial assistance for low- to moderate-income residents wishing to purchase a home. The bank closed six loans under the program in 1995.

Conclusions

The activities conducted by the bank to ascertain the credit needs of its community are considered strong. The bank's ascertainment program is comprehensive and diversified by type and geographic area of coverage. Ascertainment information was effectively utilized to offer a new loan product and to enhance the bank's employee CRA training [see comments under Assessment Factor (c)].

Assessment Factor (c) - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

Regulatory Expectation

The Policy Statement states that banks are encouraged to develop a CRA plan to ensure an affirmative effort on the part of the bank to comply with the Act. It further states that the duty to coordinate and monitor the CRA process should be assigned to a senior officer or a committee charged with the responsibility to report periodically to the board of directors about the bank's CRA efforts, performance, and areas for improvement, where appropriate. An employee training program should be established which addresses information about those policies of the bank designed to help meet community credit needs including the needs of low- and moderate-income areas and small businesses. Procedures should be implemented to ensure that files are maintained, as required by the regulation, for purposes of receiving public comments and for reviewing and responding to the comments.

Regardless of how the bank organizes itself to implement its CRA plan, seeing that the institution has taken the steps necessary to help meet its community's credit needs is the responsibility of the entire organization, beginning with its board of directors and continuing through its line management. To be effective, a CRA plan must include methods to incorporate findings regarding community credit needs into the development of products and services that the bank decides to offer to help meet these needs.

The Policy Statement also states that the bank's CRA statement should accurately reflect the types of lending and other services that the bank is willing to offer to the community. This statement must be reviewed at least annually to ensure its accuracy. The services that the bank chooses to offer should be clearly articulated and reasonably related to community needs.

Scope and Findings

The bank's CRA Plan, CRA committee minutes, minutes of the board of directors meetings and the various internal reports, including the bank's self-assessment and training programs were reviewed.

The bank has developed and implemented a formal written CRA plan that provides direction and oversight of the bank's CRA activities. This is an annual process and the most current version of the plan was completed in May 1996. The plan was designed giving consideration to new CRA, and provides objectives and specific action steps to be followed. The bank's holding company also maintains a CRA Policy, which establishes policies and guidelines for the banks to follow, reaffirms the bank's commitment to CRA and assigns areas of responsibility. The most recent policy statement was approved on May 17, 1996, by the board of directors. As evidenced by the minutes of the board of directors March 16, 1995, December 20, 1995 and May 29, 1996 meetings, the bank has adopted and amended the CRA Statement and Notice at least annually, as required by the regulation. Since the previous examination, the board has appointed a Community Affairs Officer (CAO) and a CRA/Fair Lending Officer, and has delegated sufficient authority for them to implement the bank's CRA Plan. Procedures have been implemented to ensure that files are maintained, as required by the regulation, for purposes of receiving public comments, and for reviewing and responding to the comments.

The bank utilizes a multi-tiered CRA committee structure. The bank's board of directors maintains a CRA committee comprised of directors and supporting staff including the CRA, Compliance, and Marketing managers. Other staff are included on an as needed basis. The committee met on five occasions during 1996 to provide direction and guidance to management and staff regarding CRA. Management also maintains a CRA Committee which meets at least quarterly and is comprised of the CAO, staff and managers from the commercial, consumer installment and mortgage lending departments, loan servicing, audit, marketing, community banking, administrative services and the compliance officer. In 1995, the committee created a CRA Management Committee Plan which assigned areas of responsibility and a CRA action plan.

A review of the committee meeting minutes indicated that new CRA regulatory issues were discussed, along with other CRA activities, such as the officer call program, survey results and marketing programs. The Management CRA Committee reports to the board of directors CRA Committee. The board of directors CRA Committee minutes are reviewed by the full board of directors. Clear lines of communication and areas of responsibility exist and are adhered to with respect to the bank's CRA program.

The bank annually performs a CRA self-assessment. The most recent one was for the calendar year 1995, and was completed on May 22, 1996. A review of the 1995 self assessment revealed that it was comprehensive and covered the bank's performance under the five CRA categories and the 12 assessment factors. The bank's compliance officer conducted the review and rated the bank's overall performance as outstanding. Each assessment factor was also evaluated and received an outstanding rating.

The results of a 1994 customer contact survey, compiled and issued in a report in June, 1995, revealed that the majority of the respondents, 72.4%, are satisfied that the bank is making mortgage credit available in low- and moderate-income areas of the community, and 60.6% believe that it is no more difficult for minority-owned businesses to obtain credit than nonminority owned. Only 45.5% indicated that they knew enough about the mini-mortgage program to be able to provide customer information and referrals to the mortgage department. Management utilized the results of the survey to further enhance employee training programs.

Conclusions

The bank's performance is considered very strong, based on the adoption of an effective/comprehensive CRA Plan, the activities of the CRA committees, involvement of the directors, and the comprehensive self assessment efforts.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor (b) - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

Regulatory Expectation

The Policy Statement indicates that an effective CRA plan should include marketing and advertising programs for lending products and services that are responsive to the needs of the community and that will inform and stimulate awareness of those products and services throughout the community, including low- and moderate-income areas.

Scope and Findings

Bank records, copies of advertisements and marketing-related documents were examined, and interviews were conducted with bank officers and staff to determine the effectiveness of the

bank's efforts to promote the availability of its credit products and services throughout the delineated community.

The bank advertises its products using corporate and regional advertising campaigns. Regionally, the banks have the autonomy to initiate local advertisements for their respective markets. Advertising campaigns are often coordinated in order to ensure maximum coverage. For mass media advertising, the bank primarily relies on newspapers and radio. Direct mail advertising is often utilized to supplement the mass media efforts; however, it is also performed on an independent basis. Since the previous examination, the bank has utilized the following mass media for advertising:

Market Location	Newspaper	Total Circulation	Radio Station	Market Coverage
Flint	Flint Journal	Daily 100,000 Sun. 124,000	WDZZ-FM & WCRZ-FM	Flint & Fenton
	Advance News	110,000		
	Catholic Times	8,000		
	CPSA Courier	9,000		
	Enquirer	15,000		
	Flintstonian Times	10,000		
Standish	Arenac County Independent	5,900	WSTD-AM & WKJC-FM	Standish
	Ogemaw County Herald	6,900		
Saginaw	Saginaw News	Daily 52,643 Sun. 63,490	WKCQ-FM WHNN-FM WIOG-FM	Saginaw, Bay City/Midland & Flint
	Township Times	8,800		
	Saginaw Banner	12,000		
	Frankenmuth News	5,000		
Royal Oak	Tribune	25,585	WJR-AM WOMC-FM WNIC-FM	Ypsilanti, Flint, Lansing, Fenton & Detroit
East Lansing	Chronicle	5,000	WITL-FM	Lansing
	Lansing State Journal	Daily- 71,700 Sun.- 94,410	WFMK-FM/WJIM-AM	
Ypsilanti	Ypsilanti Courier	8,000	WIQB-FM	Ypsilanti
	Washtenaw Inquirer	N/A	WTKA-AM/ WQKL-FM	Ypsilanti & Ann Arbor
	Ann Arbor News	29,000		
Fenton	Holly Herald	33,000		Fenton

Market Location	Newspaper	Total Circulation	Radio Station	Market Coverage
	Tri County Times	21,500		
Gaylord	Herald Times	9,100	WMJZ-FM WSNQ-FM	Gaylord & Grayling
Grayling	Crawford County Avalanche	5,200	WGRY-AM/WQON-FM	
Sturgis	Sturgis Journal	8,200	WLKM-FM WTHD-FM	Sturgis, Tree Rivers
	The Colon Express	1,200		
	Tree Rivers Commercial News	5,000		
	The Gateway Shoppers Guide	29,971		
Bay City Midland	Bay City Times	Daily- 41,500	WKCQ-FM WHNN-FM WIOG-FM	Midland/Bay City, Saginaw & Flint
	Midland Daily News	Daily- 18,000 Sun.- 36,500		

As the preceding chart illustrates, the bank utilizes a wide variety of mass media that cover all 12 geographic regions. In addition to the mass media, the bank utilizes statement messages and stuffers, church bulletins, flyers, community and organizational presentations, home shows and contacts with members of the community and direct mail to market its products and services. In order to determine the effectiveness of their marketing program, the bank included marketing questions in the survey previously described under Assessment Factor (a). Respondents to the survey indicated that mass media marketing is not the most effective way to market the bank's products and services. The following chart illustrates the bank's advertising efforts since the previous examination.

MEDIUM USED	BANK SERVICES ADVERTISED	FREQUENCY OF ADS	% OF TOTAL BY TYPE
Newspaper	Real Estate	57	8.37
	Home Improvement	29	4.26
	Home Equity	101	14.83
	Auto	33	4.84
	Relation Banking**	162	23.79
	Name Change	106	15.57
	Business Credit	58	8.52
	Trust/Investment	89	13.07
	Goodwill	46	6.75
Radio	Home Improvement	518	11.64
	Relation Banking**	2,084	46.81
	Name Change	1,850	41.55
Statement Inserts	Home Improvement	100,000	9.22
	Home Equity	231,504	21.34
	Auto	100,000	9.22
	Relation Banking**	127,300	11.73
	Name Change	141,800	13.07
	Trust/Investment	252,320	23.25
	Goodwill	132,000	12.17
Direct Mail	Real Estate	20,204	5.07
	Home Improvement	5,000	1.25
	Home Equity	41,985	10.53
	Other Consumer*	16,726	4.19
	Name Change	217,761	54.58
	Trust/Investment	16,800	4.21
	Staff Introduction	7,478	1.87
	Goodwill	73,000	18.30
Branch Posters	Real Estate	160	6.80
	Home Equity	373	15.86
	Auto	130	5.53
	Other Consumer*	30	1.27
	Relation Banking**	645	27.44
	Business	267	11.36
	Trust/Investment	503	21.40
	Goodwill	243	10.34
*Other Consumer includes advertisements wherein more than one credit product is included. **Relation banking ads encourage customers to consolidate their accounts and expand banking relations.			

As the preceding chart illustrates, the bank's advertising program is diversified by type of media utilized and by the advertising mix. Credit advertisements accounted for approximately 41% of the newspaper advertising, while consumer credit advertisements totaled 32%. No one product or service dominated the newspaper advertising mix, with relationship banking leading with 24%.

Radio advertising was limited to three products and was dominated, 88%, by relationship banking and name change advertising. Approximately 40% of the statement insert advertising was dedicated toward consumer credit, and overall the advertisements were fairly evenly distributed with trust/investments receiving the largest concentration with 23%. Consumer credit ads accounted for 21% of total direct mail advertisements and 29% of the branch poster advertising.

In conjunction with the bank's marketing and advertising programs, the bank's corporate marketing department issues bulletins to its customer contact staff. The bulletins contain information about the bank's current marketing promotions.

Additionally, the bank's mortgage, installment and commercial loan divisions made numerous presentations to community organizations, including organizations dedicated to increase

affordable housing for low- and moderate-income and minority residents of regions. The following are examples of some of the organizations visited during 1995:

- C The mortgage division made presentations to or participated in the following organizations in its efforts to make affordable housing more readily available to low- and moderate-income, and minority residents within the regions: the Flint Home Ownership Fair with the Michigan Civil Rights Department on April 29, 1995; three Home Ownership Education Workshops with the Metro Housing Partnership; and the Salem Housing Lenders Fair on August 10, 1995.
- C Installment loan staff participated in a Lenders Fair sponsored by Salem Housing on February 28, 1995. Loan applications and literature on MSHDA loans and HUD 203-K were available. Three applications were received and two were approved.
- C Installment loan staff participated in the Flint Area Home Builders show on March 16-19, 1995. Loan applications were available and representatives were present to answer questions.
- C The commercial loan division made presentations to civic, religious and community development organizations within the bank's community. Organizations included Flint Community Development Corporation, City Wide Development Properties, Bay Valley Loan Committee, and the Metro Chamber of Commerce.

Conclusions

Diversity of marketing efforts/activities has resulted in a strong marketing program. The advertising program reaches all 12 regions that the bank has delineated as its community. The advertising mix of credit products and services has been effective in informing community residents of the types of credit products and services available from the bank.

Assessment Factor (i) - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

Scope and Findings

A review of the bank's June 30, 1996, Consolidated Report of Condition revealed a loan-to-deposit ratio of 88.22%. The distribution by loan type was as follows:

LOAN TYPE	DOLLAR AMOUNT OUTSTANDING (000's)	PERCENT OF TOTAL LOANS (%)
REAL ESTATE	30,130	1.28
Construction	499,872	21.22
Residential (1-4)	102,234	4.34
Home Equity (Open end)	32,695	1.39
Home Improvement (Closed End)	247,491	10.51
Commercial	4,214	0.18
Agricultural	13,684	0.58
Multi-family		
CONSUMER	43,575	1.85
Open-end Credit	698,996	29.67
All Other		
COMMERCIAL AND INDUSTRIAL	587,207	24.93
AGRICULTURAL	10,238	0.44
STATE AND POLITICAL		
OBLIGATIONS	20,797	0.88
OTHER	64,378	2.73

A comparison of the bank's loan distribution with Call Report information, from June 30, 1994, contained in the previous report of examination, revealed that the bank's loan-to-deposit ratio increased by 8.85%. Overall, total loans increased by approximately \$1.5 billion or 186.91%. The increase is primarily due to the acquisition of the former Bank One branches, and the merging of bank affiliates discussed previously. As the preceding chart illustrates, the bank's loan mix is dominated by real estate, and other consumer and commercial lending. Real estate loans account for approximately 40% of the bank's overall loan portfolio, with residential 1-4 family loans leading the category with 21.22% of the mix. The remainder of the bank's loan mix is split almost evenly between other consumer, and commercial and industrial lending, accounting for approximately 30% and 25% of the remaining loan portfolio, respectively.

According to the Uniform Bank Performance Report (UBPR), dated March 31, 1996, the bank's performance compared to peer is illustrated in the following chart.

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
REAL ESTATE LOANS		
Construction/Development	1.82	2.80

LOAN TYPE	BANK AVERAGE LOAN MIX (%)	PEER AVERAGE LOAN MIX (%)
1 - 4 Family Residential	23.91	24.49
Home Equity	5.14	2.76
Other Real Estate	12.18	17.94
Farmland	0.17	0.22
Multi-family	1.20	1.51
Commercial	10.80	15.26
TOTAL REAL ESTATE LOANS	37.91	50.55
LOANS TO INDIVIDUALS	33.48	19.13
CREDIT CARD LOANS	2.55	1.56
COMMERCIAL & INDUSTRIAL LOANS	19.10	18.71
AGRICULTURAL LOANS	0.43	0.19
MUNICIPAL LOANS	1.94	0.63
OTHER LOANS*	0.14	0.91
*Excludes Financial Institution Loans, Acceptances of Other Banks, Foreign Office Loans and Leases, and Lease Financing Receivables.		

BANK NET LOAN/LEASE TO DEPOSIT RATIO	PEER NET LOAN/LEASE TO DEPOSIT RATIO
80.65%	79.73%

As the preceding chart illustrates, the bank's loan-to-deposit ratio is comparable to peer. With the exception of lending to individuals and real estate lending the bank's loan portfolio mix is consistent with peer. The bank's real estate loan mix is approximately 13% below peer and loans to individuals exceeds peer by approximately 14%. Interviews with community representatives conducted in conjunction with the examination, indicate that the bank's loan mix is consistent with the makeup of the community.

In August of 1994, in cooperation with the Flint Coalition for Fair Banking Practices, the bank committed to a \$18 million three-year small business loan initiative that targets low- and moderate-income and minority census tracts in Genesee County. Since the previous examination through December 31, 1995, the bank surpassed its targeted amount and has originated \$25.2 million in loans.

A comparative review of the bank's Home Mortgage Disclosure Act (HMDA) data revealed that the bank's total loan originations and applications increased from 1994 to 1995. Total loan applications increased by approximately 12% and originations by approximately 16%. Conventional and Federal Housing Administration (FHA), Veterans Administration (VA), Farmers Home Administration (FmHA) loans experienced the largest rates of increase at 48.46%

and 34.07%, respectively.

The bank continues to offer consumer installment, home improvement, home equity lines, recreational vehicle and mobile home loans via telephone. Management monitors the disposition of loan applications by product type on a monthly basis. For the month of July, 1996, the bank received 795 loan applications by phone and 131 from the previous month. Of the 795 applications, 369 loans were approved (104 pending closing), 346 were denied and 80 were withdrawn.

Conclusions

The bank's performance is considered strong, based upon the loan-to-deposit ratio, increased number of HMDA loan applications and originations, and the bank's participation in the small business credit initiatives dedicated to low- and moderate-income and minority census tracts.

Assessment Factor (j) - The institution's participation in governmentally insured, guaranteed or subsidized loan programs for housing, small business or small farms.

Scope and Findings

The following chart summarizes the bank's activity in government sponsored loan programs.

PROGRAM	OUTSTANDING		SINCE PREVIOUS EXAMINATION	
	NUMBER	AMOUNT (\$) (millions)	NUMBER	AMOUNT (\$) (millions)
FHA	1973	34.9	211	8.1
VA	106	3.1	17	1.1
SBA	76	9.3	25	3.2
MSHDA	406	12.1	82	2.8
Student Loans	4,582	28.6	5,856	22.4

As the preceding chart illustrates, the bank participates in a variety of government-insured or subsidized loan programs. In addition to these loan programs, in 1995, the bank made loans under the following special loan programs:

- C The Michigan Training Incentive Fund. Under the program, nonprofit and for-profit companies can save up to 100% of the interest charged on loans used to finance training for full-time Michigan based employees. Six loans totaling \$586,666 were made under the program

- C Three loans totaling \$65,000 were originated in conjunction with The Flint Community Development Corporation. This is a local community organization that tries to help create jobs and facilitate new business ownership opportunities in Flint.
- C Three loans totaling \$67,000 were originated under the Michigan Strategic Fund. The fund is designed to assist banks in providing financing to smaller companies that might otherwise not qualify for traditional bank loans. A special loss reserve is used to assist banks in covering loan losses under the program.

Conclusions

The bank's participation in utilizing government-insured, guaranteed or subsidized loan programs for housing, small business, and small farms is consistent with the credit needs of the community.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Regulatory Expectation

Reasonableness of Community Delineation

The regulation requires state member banks to prepare, and at least annually review, a delineation of the local community or communities that comprise its entire community, without excluding low- and moderate-income neighborhoods. Maps are required to be used to portray community delineations. The regulation requires Federal Reserve System examiners to review the reasonableness of the delineations.

The regulation states that a local community shall consist of the contiguous areas surrounding each office or groups of offices, including any low- and moderate-income neighborhoods in those areas. In preparing its delineation, a bank may use any one of the three methods, as stipulated in the regulation: (1) existing boundaries, such as those of a Metropolitan Statistical Area or counties in which the bank's office or offices are located; (2) the bank's effective lending territory, which is defined as that local area or areas where it makes a substantial portion of its loans and all other areas equidistant from its offices; or (3) any other reasonably delineated local area that meets the purposes of CRA and does not exclude low- and moderate-income areas.

Scope and Findings

The bank has defined 12 separate communities located primarily in the eastern and north central part of the lower Michigan peninsula. Refer to the community profile for a detailed description of each community.

The board of directors reviews the delineated communities at least annually; the most recent review occurred on May 29, 1996.

Conclusions

Review of the geographic distribution of the sample of loans selected during this examination and the bank's 1995 HMDA data support the reasonableness of the delineated communities. The delineated community does not exclude any low- and moderate-income areas or neighborhoods that the bank could reasonably be expected to serve. This method of delineation is consistent with method number three described above.

Assessment Factor (e) - The geographic distribution of the institution's credit extensions, credit applications and credit denials.

Regulatory Expectation

The Policy Statement states that the services that the bank chooses to offer should be distributed within the bank's community in a fair and nondiscriminatory manner, in keeping with the bank's general approach to its business.

Scope and Findings

A sample of approved and denied credit applications and the bank's 1995 HMDA data, were analyzed for geographic distribution of credit within the delineated communities. The bank's assessment of the geographic distribution of its credit products was also reviewed.

The examination loan sample revealed the following geographic distribution of approved and denied credit applications:

LOAN TYPE	TOTAL SAMPLED	WITHIN THE LOCAL DELINEATED COMMUNITY	PERCENT OF TOTAL
Real Estate	30	28	93.33
Home Equity Line	40	38	95.00
Installment (direct)	78	62	79.49
Installment (indirect)	132	64	48.48
Single-Payment	20	17	85.00
Credit Card	37	28	75.68
Overdraft Protection	21	21	100.0
Debit Cards	47	43	91.49
Total Approved	405	301	74.32
Total Denied	475	295	62.10
Total Loan Applications	880	596	67.73

As the preceding chart illustrates, the majority of the sampled approved and denied credit applications, 74.32% and 62.10%, respectively were within the delineated communities. If approved and denied indirect installment applications, primarily of home improvement and automobile are included, the percentage within the delineated communities increase to 86.81% of the approved and 81.41% of the denied applications. Further review of the examination loan sample indicated the following mix of loans to individuals located in low-, moderate-, middle-, upper- income and minority census tracts:

Type of Loan Product	Low-Income C.T.		Moderate-Income C.T.		Middle-Income C.T.		Upper-Income C.T.		Total		Minority C.T.	
	#	%	#	%	#	%	#	%	#	%	#	%
Real Estate	0	0	5	17.86	14	50.00	9	32.14	28	100	0	0
Lines of Credit (HELC)	1	2.63	4	10.53	13	34.21	20	52.63	38	100	0	0
Installment (direct)	4	6.45	8	12.90	37	59.68	13	20.97	62	100	7	11.3
Instalment (indirect)	1	1.56	6	9.38	40	62.50	17	26.56	64	100	5	7.9
Single-Payment	0	0	4	23.53	7	41.18	6	35.29	17	100	1	5.9
Credit Card	2	7.14	2	7.14	19	67.86	5	17.86	28	100	2	7.1
Overdraft	1	4.76	3	14.29	11	52.38	6	28.57	21	100	3	14.3
Debit Card	3	6.98	6	13.95	19	44.19	15	34.88	43	100	5	11.6
Total Approved	12	4.0	38	12.6	160	53.2	91	30.2	301	100	23	7.6
Total Denied	22	7.46	61	20.68	156	52.88	56	18.98	295	100	45	15.3

The preceding chart illustrates that the majority of the approved and denied credit applications sampled, 53.2% and 52.88%, respectively were to individuals in middle-income census tracts or BNAs. For approved loans, upper-income census tracts or BNAs contained the next highest concentration of the bank's loans, 30.2%, while moderate- and low-income census tracts or BNAs contained 12.6% and 4.0% of the loans, respectively. This performance is consistent with the composition of the bank's community, which contains 52% middle-income census tracts or BNAs, along with 28% upper-, 14% moderate- and 6% low-income tracts or BNAs. Denied credit applications were also relatively consistent with the composition of the community.

A review of the bank's 1995 HMDA data regarding the bank's level of activity within the delineated communities, revealed results similar to the examination loan sample. The majority of the bank's direct lending, FHA, VA and FmHA (90.61%), conventional purchase (78.33%), and refinancings (76.26%) were within the delineated communities. The majority of the bank's home improvement activity, applications (62.03%) and originations (57.49%), consist primarily of indirect loan applications that are located outside the bank's delineated community. Management indicated that approximately 75% of the home improvement loan activity on the 1995 Loan Application Register (LAR) were indirect loans. This is primarily attributable to management's

business strategy, which compelled them to seek dealers outside the bank's delineated community in order to further expand loan volume. Approximately 50% of the dealers are located inside the delineated communities, and community representatives indicated that home improvement loans are generally available within the delineated communities.

1995 Applications by Census Tract Income to Delineation Aggregate				
Census Tract Income Classification	Citizens Bank		Delineation Aggregate*	
	# of Apps	% of Total Apps	# of Apps	% of Total Apps
< 80% (L & M)	820	24.91	5,493	9.75
80 to 99%	605	18.38	11,810	20.96
100 to 120%	1,083	32.90	19,615	34.81
> 120%	784	23.82	19,432	34.48
Total Applications	3,292	100.00	56,350	100.00

1995 Originations ¹ by Census Tract Income to Delineation Aggregate by Total Originations				
Census Tract Income Classification	Citizens Bank		Delineation Aggregate*	
	# of Origs	% of Total Origs	# of Origs	% of Total Origs
< 80% (L & M)	402	18.36	3,004	7.44
80 to 99%	364	16.63	8,084	20.02
100 to 120%	782	35.72	14,033	34.75
> 120%	641	29.28	15,256	37.78
Total Originations	2,189	100.00	40,377	100.00

¹Origination rates were based on the number of loans originated in a particular income category relative to the total number of loans originated during the reporting year.

As illustrated in the preceding charts, 1995 HMDA activity in low- and moderate- income census tracts indicated that the bank's rate of applications and originations exceeded aggregate by more than 200%. The bank's application and origination rates from low- and moderate-income census tracts was 24.91% and 18.36%, respectively, compared to the market aggregate application and origination rates of 9.75% and 7.44%, respectively. In HMDA-related credit, the bank is outperforming all other lenders by almost three to one.

Citizens Bank's 1995 HMDA Activity in Census Tracts Located in Delineation Using 1990 Census Tract Definitions for MSA ALL REGIONS					
	# of Census Tracts	% of Total Tracts	# of Tracts With Bank Activity	% of Bank's Total Activity	% of Tracts With Bank Activity
Low- & Moderate	60	19.61	49	20.25	81.67
Minority	28	9.15	25	10.33	89.29
Total Tracts	306		242		79.08

As the preceding chart illustrates, the bank is active in the majority of the low- and moderate-income and minority census tracts located within the delineated communities. In 1995, the bank recorded HMDA activity in approximately 90% of the minority and 82% of the low- and moderate-income census tracts.

The bank also monitors its geographic distribution of credit and deposit products and services. Quarterly reports are generated for each respective region detailing, by census tract and/or BNA, the total number and dollar value of outstanding consumer and commercial credit and deposits, along with their respective percentage within the delineated communities. The bank is also monitoring the geographic distribution of new consumer and commercial credit, and deposit activity, by type of product, along with their respective percentage within the delineated communities. Quarterly reports of the geographic distribution analyses are distributed to the bank's CRA, Compliance and Community Affairs Officers and various other management representatives. Additionally, copies of the reports are presented to the Management CRA Committee and annually to the bank's board of directors. Results of the reports indicate the bank's lending activity for all regions is substantially (approximately 70%) within the delineated communities.

Conclusions

The geographic distribution of the bank's credit applications and originations is very strong, based on the fact that the majority of loan applications and originations were from within the delineated communities, and the significant level of lending in low- and moderate-income and minority census tracts.

Assessment Factor (g) - The institution's record of opening and closing offices and providing services at offices.

Scope and Findings

The bank, branch, and automated teller machines (ATMs) locations, hours of operation, and services offered by the bank were reviewed to assess the accessibility of banking to the delineated communities. Management and members of the communities were interviewed to determine the accessibility of banking facilities.

Since the previous examination, the bank has opened four new branches and closed one. The June 6, 1996 mergers and acquisitions, discussed previously, have resulted in the addition of 63 branches. The bank currently has a total of 91 offices, including the main office. Eighteen of the bank's offices are located in low- and moderate- income census tracts and six are in minority tracts.

In addition to its branches, the bank maintains a network of 79 ATMs. Seventy ATMs have deposit and withdrawal applications; however, they do not have credit account access. Nine of the ATMs are cash dispensing terminals. The majority of the ATM terminals are located on bank premises and 16 are off-premise machines. Most of the ATM terminals have 24- hour access.

Generally, the bank offices are open from 9:00am to 5:00pm Monday through Thursday, 9:00am to 6:00pm Friday and 9:00am till noon on Saturday. Drive-up hours generally mirror the lobby hours; however, some drive-up facilities open approximately an hour earlier and stay open an hour later.

The bank also maintains a bank by phone program, which provides 24-hour access to bill payment and fund transfer capabilities. Account information, such as loan balance and transaction account activity, is available 7:30am to 9:00pm seven days a week. Phone applications are also available through customer service representatives, from 8:00am to 7:00pm Monday through Friday, and 8:00am to 2:00pm on Saturdays.

Conclusions

The bank's offices provide a highly satisfactory level of service to residents of the delineated communities. The offices and services are accessible to all segments of the delineated communities.

IV. DISCRIMINATION OR OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor (d) - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

Scope and Findings

The bank's CRA statement indicated that the following types of credit are available to members of its community:

Mortgage Loans: Fixed-rate Mortgages (10-, 15-, 20-, 30-years); Jumbo Fixed Rate Mortgages (15-, 30-years); Jumbo adjustable rate mortgages (ARMs) (15-, 30-years); Construction/Permanent Mortgages (Fixed or ARM at 15-, 20-, 30-years); No income verification/ No Asset Mortgage (15-, 20-, 30-years); 1-,3-,5-year ARMs; 7/23 Two - Step

Mortgages (30-years); Key to Home Ownership Mortgage (30-years); MSHDA Mortgages; FmHA (30-years); Community Home Buyers Program Mortgages (15-, 30-years); FHA Mortgages (15-, 30-years); and VA Mortgages (15-, 30-years).

Consumer Loans: Home equity (open-end and closed-end); personal; automobile; home improvement; MSHDA; low-cost home improvement; marine; mobile home; recreational vehicle; personal motor craft; personal watercraft; lawn tractors; airplane; dealer floor plan; and student loans.

Commercial Loans: Lines of credit (secured and unsecured); term loans (secured and unsecured); small business loans; letters of credit; business mortgages/ commercial real estate; equipment leasing; business construction; and community development.

Commercial Loans Government Guaranteed Programs: Small Business Administration (SBA) 7A Program; Michigan Training Incentive Fund; Michigan Strategic Fund; and Michigan Capital Access Program.

Bankcards: Visa and MasterCard

Conclusions

A review of the examination loan sample and loans made since the previous examination indicate that the bank has made loans in accordance with its stated policy. No practices intended to discourage applications for credit products listed in the CRA statement were detected. This analysis indicates that the bank extends credit, by general type, consistent with its CRA statement of available credit products.

Assessment Factor (f) - Evidence of prohibited discriminatory or other illegal credit practices.

Scope and Findings

Recently approved real estate, home equity, indirect and direct installment, single-payment, credit card, overdraft protection, as well as rejected credit applications were reviewed for

compliance with the applicable fair housing and fair lending laws and regulations. The bank's 1995 HMDA data, loan forms, training program, loan policies and procedures were reviewed, and loan officers were interviewed.

1995 Applications to Delineation Aggregate by Race				
Racial Category of Applicants	Citizens Bank		Delineation Aggregate (Excludes Institution)	
	# of Apps	% of TTL Apps	# of Apps	% of TTL Apps
American Indian	27	0.82	278	0.49
Asian	19	0.58	832	1.48
Black	553	16.80	3,143	5.58
Hispanic	18	0.55	372	0.66
White	2,263	68.74	47,562	84.40
Other	20	0.61	380	0.67
Joint (W/M)	59	1.79	772	1.37
Unknown	333	10.12	3,011	5.34
Total Applications	3,292	100.00	56,350	100.00

As the preceding chart illustrates, the bank's penetration of HMDA lending among minority residents is significantly higher than the aggregate lenders. In particular, the bank's level of HMDA activity among black applicants is approximately 200% higher than aggregate lenders, 16.8% versus 5.58%.

A review of bank's performance with respect to 1995 HMDA loan originations corroborates that the bank significantly outperformed aggregate lenders. Similarly, the bank outperformed aggregate lenders by approximately 200%, with respect to loan originations to black applicants, 14.07% versus 4.66%. The bank's loan origination rates among racial categories were consistent with the aggregate lenders in the community.

Since the previous examination, the bank has performed fair lending training for its consumer and commercial credit personnel, including branch employees. Equal Credit Opportunity Act training for the bank's board of directors has also been performed. The training is conducted, at least annually, by the bank's compliance department and consists of a video presentation, a fair lending workshop and a self-assessment questionnaire detailing potentially discriminatory behavior.

The bank maintains a secondary loan review of approved and denied consumer credit applications to test for nondiscriminatory lending practices. The secondary review is performed by a department supervisor, or an underwriter who was not involved in the credit evaluation process. Additionally, the bank's Community Affairs Officer conducts periodic reviews of applications.

Conclusions

The bank's performance is considered strong, based on its strong record of lending across

racial/national lines, fair lending training, and the secondary loan review. The bank is in compliance with the substantive provisions of the fair housing and fair lending laws, including the Fair Housing and Equal Credit Opportunity Acts.

V. COMMUNITY DEVELOPMENT

Assessment Factor (h) - The institution's participation, including investments, in local community development or redevelopment projects or programs.

Scope and Findings

The bank's loan and investment portfolios, as well as management's participation in and knowledge of community development activities were reviewed. The following is sample of loans illustrating the bank's community development lending activities.

<u>Loan Amount (\$000)</u>	<u>Loan Purpose</u>
50	Business start-up
15	Business start-up
105	Business expansion
300	Business purchase
1,750	Business expansion
63	Open new store
296	Business expansion
20	New restaurant
35	New business
42	Business start-up
750	Business expansion

The diversity in type of loans made and wide range of loan amounts illustrate the bank's efforts to meet the credit needs of both large corporate borrowers and small business owners.

In addition to the previous list of business expansion and start-up lending, the bank has participated in local public financing. Since the previous examination, the bank made 15 local public sector loans totaling \$16.6 million.

The bank also fulfills its community development responsibilities through participation in and sponsorship of home ownership and business credit educational seminars. The following list exemplifies some of the bank's efforts since the previous examination:

! Home ownership Fair 1995 - The importance of good credit histories, features contained in various mortgage programs, things to consider when purchasing a home as a single parent, and fair housing laws and lending practices were among the topics discussed at the fair.

! April 4, 1996, the bank sponsored a free **Business Solutions** seminar in Flint. Topics covered included SBA Loans; Community Capital & Development Corporation financing; Genesee County EDC financing; alternative financing sources; and entrepreneurial training.

! October 1, 1994, the bank, along with the Antioch Baptist Church, sponsored a dinner and workshop entitled **How to Improve your Standard of Living**.[@] The bank's Community Affairs Officer coordinated the event, and, along with the bank's senior vice president of mortgage lending, an assistant vice president of commercial lending and a trust officer, made presentations about the bank's loan programs and services.

! Branch personnel participated in three credit counseling sessions held at Salem Housing and Hallwood Plaza with a focus on low- and moderate-income and minority residents.

! The bank's mortgage personnel participated with the Metro Housing Partnership in sponsoring three **Home Ownership Education Workshops**. The workshops, held on May 11, September 14, and November 9, 1995, targeted low- and moderate- income and minority individuals and were used to provide participants with home ownership information and financing programs.

Conclusions

The bank's community development activities are effective. These efforts are demonstrated through officer involvement in community organizations, and lending activities and commitments to community development projects and organizations.

Assessment Factor (k) - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

There are no apparent factors relating to the bank's financial condition and size, or local economic conditions that would prevent the bank from meeting the credit needs of the delineated communities it serves.

Assessment Factor (l) - Any other factors that, in the regulatory authority's judgement, reasonably bear upon the credit needs of its entire community.

Scope and Findings

A review was performed of the bank's involvement and/or participation in any other programs or

services to help meet the community's credit needs.

The bank continues to participate in the Financial Learning Academy of Genesee County (FLAG) program, a partnership between the business and educational communities. The program is designed to provide students of Genesee County with an understanding of basic business skills. Forty mentors from various departments are utilized to educate forty-five local area high school students about the banking industry. The program, held in a classroom at the bank's main office, runs for two years; some students are hired by the bank on a part-time basis and some of the graduates go on to full-time work within the banking industry.

Conclusions

The bank is sufficiently involved in other programs or services which enhance the quality of life in the community. The training offered to local area students introduces young consumers to the banking industry, and familiarizes them with the availability of bank products and services.