



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Citizens Bank-IL, N.A.
Charter Number: 14596**

**3322 South Oak Park Avenue
Berwyn, IL 60402**

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated “**Satisfactory.**”

The following table indicates the performance level of **Citizens Bank-Illinois, N.A.** with respect to the Lending, Investment, and Service tests:

Performance Levels	Citizens Bank-Illinois, N.A. (CBI) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			X
Low Satisfactory			
Needs to Improve		X	
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Excellent home mortgage loan distribution among geographies and borrowers of different income levels and excellent geographic distribution for small loans to businesses in the assessment area.
- Lending activity that reflects excellent responsiveness by CBI to the credit needs of the assessment area.
- Significant amount of community development loans.
- Delivery systems that are accessible to geographies and individuals of different income levels in the assessment area.
- Good level of community development services.
- Poor level of qualified investments given the bank’s size, resources and numerous opportunities available within its assessment area.

Definitions and Common Abbreviations

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

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

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census geographies have not been established. BNAs have been established by the U.S. Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

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

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

Full-Scope Review - Performance under the lending, investment, and service tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the U.S. Census Bureau in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Limited-Scope Review - Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low-Income - Income levels that are less than 50 percent of the median family income.

Median Family Income (MFI) - The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the director of the U.S. Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80 percent and less than 120 percent of the MFI.

Moderate-Income - Income levels that are at least 50 percent and less than 80 percent of the MFI.

Small Loans to Businesses - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Loans to Farms - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

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

Upper-Income - Income levels that are 120 percent or more of the MFI.

Description of Institution

Citizens Bank-Illinois, N.A. (CBI) is an intrastate bank headquartered in Berwyn, Illinois. It is located nine miles west of Chicago, Illinois. CBI is a wholly owned subsidiary of Citizens Banking Corporation (CBC), a multi-bank holding company incorporated in the State of Michigan. CBC is also the parent corporation of Citizens Bank (CB), a \$5.5 billion banking institution based in Flint, Michigan. CBC is an \$8.4 billion multi-bank holding company with banks in Michigan, Illinois, Wisconsin, Iowa and Minnesota.

As of December 31, 2000, CBI had \$242 million in assets and \$206 million in deposits. CBI had three offices and 10 automated teller machine (ATM) locations in the Chicago MSA. One of the three offices is located in a moderate-income geography. CBI is primarily a retail bank making real estate loans. As of December 31, 2000, net loans of \$152 million represented 63 percent of total assets. The loan portfolio was comprised of real estate loans of \$97 million (64%), commercial loans of \$47 million (31%) and consumer loans of \$7 million (4%). The bank's real estate loan mix primarily consisted of commercial real estate loans (50%) and 1-4 family residential loans (47%). The bank was not engaged in agricultural lending. The bank's net loan-to-deposit ratio as of December 31, 2000 was 74 percent. As of June 30, 2000, CBI's market share of deposits within the designated AA in Cook and Du Page County was 0.65 percent.

There were no legal, financial or other factors that impeded CBI's ability to help meet the credit needs of the communities it serves. As of December 31, 2000, CBI reported Tier 1 capital of \$23 million.

CBI was rated "Satisfactory" at its last CRA evaluation dated July 24, 1998. The last evaluation reflected the bank's performance from January 1, 1996 through December 31, 1997 for the Lending Test (including CD loans) and from January 1, 1996 through March 31, 1998 for the Investment and Service Tests.

Scope of the Evaluation

Evaluation Period/Products Evaluated

With the exception of community development (CD) loans, the evaluation period of the Lending Test is January 1, 1998 through December 31, 2000. For CD loans, the evaluation period is January 1, 1998 through June 11, 2001. For the Investment Test and the Service Test, the evaluation period is April 1, 1998 through June 11, 2001.

Our evaluation focused on HMDA loans, small loans to businesses and CD loans. The bank made no small loans to farms and did not elect to have consumer loans considered for this evaluation.

Data Integrity

The Community Reinvestment Act requires that banks collect and maintain certain data regarding originations and purchases of small business, small farm and HMDA loans. This information is maintained in the bank's Public File. As part of our evaluation, we tested the bank's publicly filed HMDA and CRA data for accuracy. We also evaluated CBI's processes to ensure that data are reliable.

We determined the bank's HMDA data to be reasonably accurate. However, an initial review of the CRA data revealed significant errors relating to misclassification of multi-family housing loans as small business loans instead of HMDA loans, and errors in reporting the loan amount and business revenues. CBI corrected those errors relating to the CRA data and amended the HMDA-LAR. Therefore, this evaluation was based on accurate data.

In addition, we reviewed the CD loans, investments and services submitted by the bank to determine that they met the regulatory definitions. The review indicated that some of the investments made by the bank and some of the community development services did not meet the definition of CD. Therefore, this evaluation was based on CD loans, investments and services that met the regulatory definitions.

Selection of Areas for Full-Scope Review

CBI had one assessment area (AA) consisting of 204 geographies located in portions of Cook and Du Page Counties, all located within the Chicago MSA. This one AA received a full-scope review.

Ratings

The bank's rating was based on conclusions reached in the evaluation of CBI's performance in its one AA.

Other

We made one community contact with a local community development corporation during this evaluation. The contact identified small loans to start-up businesses, as one of the important needs in the community. Although banks in the area provide suitable loans to small businesses, the contact felt that attracting start-up businesses to the community would foster further economic development, stabilize the neighborhood, and broaden the revenue tax base, all of which in turn would attract new residents.

Fair Lending Review

An analysis of the most recent HMDA, small business, and small farm lending data, public comments, and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed on March 31, 1998.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "**Outstanding.**" Based on this full-scope review, the bank's performance in its AA was excellent.

Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

CBI's lending activity reflected an excellent responsiveness to the credit needs in the AA. Home mortgages represented 56 percent of the total loans reported for home mortgage, small business and community development loans. Small loans to businesses represented 44 percent. Among home mortgage loans originated/purchased, approximately 45 percent were for home purchase, 39 percent for home refinance and 14 percent for home improvement.

As of June 30, 2000, CBI's market share of deposits in the AA was 0.65 percent with a ranking of 31 out of 101 FDIC-insured financial institutions with one or more branches located within the AA. This places the bank at the 69th percentile of the deposit market. However, there are numerous depository institutions and non-bank lenders such as mortgage loan and credit card companies originating and purchasing loans within the AA, including depository institutions and non-bank lenders located outside the AA. Consequently the competition for loan market share is intense. Because of the large number of lenders compared to insured financial institutions, we weighted the bank's percentile ranking in the loan and deposit markets more heavily than the actual values of market share and rank.

Based on 1999 aggregate home mortgage market share data, CBI had a market share of 0.12 percent and ranking of 121st among 513 lenders (76th percentile) making home purchase loans, a market share of 0.31 percent and ranking of 50th among 204 lenders (75th percentile) making home improvement loans, and a market share of 0.11 percent and ranking of 146th among 539 lenders (73rd percentile) making home refinance loans. Competition to acquire market share for home purchase and home refinance loans is extremely intense since there are numerous depository institutions, both regional and local, in the AA. Besides depository institutions, there are numerous mortgage loan companies offering a variety of loan products.

Based on 1999 aggregate market data on small loans to businesses, CBI had a market share of 0.24 percent and ranking of 50th among 325 lenders (85th percentile) making small loans to businesses. The top two lenders are non-bank credit card companies that, when combined, captured 41 percent of the market. CBI made no small loans to farms during the evaluation period.

Distribution of Loans by Income Level of the Geography

The geographic distribution of CBI's home mortgage loans and small loans to businesses reflected excellent penetration throughout the bank's AA. CBI made no small loans to farms during the evaluation period, which is consistent with its lending strategy.

The bank had one low- and 22 moderate-income geographies within the AA.

Home Mortgage Loans

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of the bank's home purchase loans was excellent. CBI's percentage of home purchase loans made in the moderate-income geographies exceeded the percentage of owner-occupied housing units. However, CBI's market share of home purchase loans in the moderate-income geographies was below the bank's overall market share. The overall market share is based on aggregate data for year 1999. While the bank made eight loans in the moderate-income geographies during the evaluation period, only one of those loans was made in 1999. Furthermore, the difference between the bank's market share of home purchase loans to moderate-income geographies and its overall market share represents only one loan. CBI made no home purchase loans in the one low-income geography within its AA. However, the low-income geography contains only one-fifth of 1 percent (0.20%), or a total of 523 units, of the owner-occupied housing units within the AA.

The geographic distribution of the bank's home improvement loans was excellent. CBI's percentage of home improvement loans made in the moderate-income geographies significantly exceeded the percentage of owner-occupied housing units. However, CBI's market share of home improvement loans in the moderate-income geographies was below the bank's overall market share. CBI made three loans in moderate-income geographies during the evaluation period. Since the overall market share is based on aggregate data for 1999, none of the three loans made by CBI was reflected in 1999. Furthermore, the difference between the bank's market share of home improvement loans to moderate-income geographies and its overall market share represents only one loan. CBI also made no home improvement loans in the one low-income geography within its AA. However, as indicated previously, the low-income geography contains only one-fifth of 1 percent, or 523 units, of the owner-occupied housing units within the AA.

The geographic distribution of the bank's home refinance loans was also excellent. CBI's percentage of home refinance loans made in the moderate-income geographies exceeded the percentage of owner-occupied housing units. CBI's market share of loans made in the moderate-income geographies also exceeded its overall market share. CBI made no home refinance loans in the one low-income geography within its

AA. However, the low-income geography contains only one-fifth of 1 percent, or 523 units, of the owner-occupied housing units within the AA.

Small Loans to Businesses

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The bank's geographic distribution of small loans to businesses in the moderate-income geographies was excellent. The percentage of small loans to businesses in the moderate-income geographies was significantly higher than the percentage of businesses located in those geographies. CBI's market share of small loans to businesses in the moderate-income geographies was also higher than its overall market share. CBI made no small loans to businesses in the low-income geography. However, less than 1 percent, or a total of 338, of the businesses in the AA are located in the low-income geography.

Small Loans to Farms

CBI made no small loans to farms during the evaluation period. This is considered reasonable since CBI is located in close proximity to the City of Chicago, where very few opportunities exist for agricultural lending in the AA. Therefore, agricultural lending is not part of the bank's lending strategy.

Lending Gap Analysis

Maps and reports detailing CBI's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

Sixty-one percent of combined HMDA loans and small loans to businesses originated/purchased by CBI during the evaluation period were within the bank's AA. Further analysis revealed that a substantial majority, 70 percent, of home mortgage loans and a majority, 53 percent, of small loans to businesses originated/purchased were within the AA. This performance was positively factored into the overall analysis of the bank's lending performance.

Distribution of Loans by Income Level of the Borrower

The borrower distribution of CBI's home mortgage loans reflected excellent dispersion among borrowers of different income levels within the AA. CBI's distribution of small

loans to businesses with revenues of \$1 million or less was adequate. As indicated previously, CBI made no small loans to farms, which is consistent with its lending strategy.

Home Mortgage Loans

Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of home purchase loans was good. The percentage of home purchase loans made to low-income families was less than the percentage of low-income families in the AA. However, the opportunities for low-income borrowers to own homes within the AA are somewhat limited considering that 5 percent of the families in the AA were below the poverty level. CBI's market share of home purchase loans to low-income borrowers equaled the bank's overall market share in the AA. CBI's percentage of home purchase loans to moderate-income borrowers substantially exceeded the percentage of moderate-income families in the AA. However, CBI's market share of home purchase loans to moderate-income borrowers was below the overall market share.

The distribution of home improvement loans was excellent. The percentage of home improvement loans made to low-income families exceeded the percentage of low-income families in the AA. The market share of home improvement loans to low-income borrowers substantially exceeded the bank's overall market share. The percentage of bank loans to moderate-income borrowers substantially exceeded the percentage of moderate-income families in the AA. However, CBI's market share of home improvement loans to moderate-income borrowers was somewhat below its overall market share.

Distribution of home mortgage refinance loans was excellent. The percentage of bank mortgage refinance loans to low-income borrowers was somewhat below the percentage of low-income families in the AA. As indicated previously the opportunities for low-income borrowers to own homes within the AA are somewhat limited considering that 5 percent of the families in the AA were below the poverty level. CBI's market share of loans to low-income borrowers substantially exceeded its overall market share. The bank's percentage of home mortgage refinance loans to moderate-income borrowers substantially exceeded the percentage of moderate-income families in the AA. CBI's market share of home mortgage refinance loans to moderate-income borrowers also exceeded its overall market share.

Small Loans to Businesses

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

CBI's distribution of small loans to businesses was adequate. The percentage of bank loans to businesses with revenues of \$1 million or less was below the percentage of

businesses defined as such. However, the bank's market share of loans to businesses with revenues \$1 million or less exceeded its overall market share. Further analysis of the market shares revealed that two non-bank credit card companies dominated and captured 53 percent of the market.

Small Loans to Farms

CBI made no small loans to farms during the evaluation period. This is considered reasonable since CBI is located in close proximity to the City of Chicago, where very few opportunities exist for agricultural lending in the AA. Therefore, agricultural lending is not part of the bank's lending strategy.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

CBI extended a significant amount of community development loans during the evaluation period, given its size and resources. Therefore, the CD lending had a positive impact on the Lending Test conclusions for the AA.

During the evaluation period, CBI originated the following loans for community development purposes:

- A \$700,000 first mortgage loan for renovation and conversion of two apartment buildings into affordable condominiums for low- and moderate-income people. Borrowers with incomes as low as \$20,000 could qualify to purchase the condominiums with average sales price of \$62,500. The monthly mortgage payments were set as close to the prior rental cost as possible, net of tax benefits.
- A \$160,000 mortgage loan to purchase a multi-family dwelling located in moderate-income geography. The apartment building provides affordable housing serving low- and moderate-income persons.
- A \$1 million line of credit to be used for remodeling and conversion of a 21-unit apartment building into affordable condominium units for low- and moderate-income persons. The average sale price of each condominium unit was set at \$87,000. Individuals with income as low as \$35,000 could qualify to purchase the condominium units.

Product Innovation and Flexibility

Product innovation and flexibility had a neutral impact on the Lending Test conclusions.

CBI offers two flexible lending products to meet the credit needs of its community. None of the products were considered innovative.

A brief description of each program follows. Both the programs are relatively new; therefore, no loans have been booked under either program.

- Corporate Affordable Housing (Open Door Mortgage Program).
Under this program low- and moderate-income borrowers with 3 percent down payment can qualify for home mortgage loans. The underwriting standards for the program are more liberal than the bank's normal mortgage products allowing for higher debt-to-income ratios for qualification.
- Open Door Plus.
The program was designed for highly economically disadvantaged individuals, those with income equal to or less than 60% of the HUD median income. The program is similar to the Open Door Mortgage Program described above with additional features of allowing pre-paid and closing costs to be rolled in to the mortgage loan amount, consequently, raising the loan-to-value ratio threshold to exceed 100%.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "**Needs to Improve**". Based on a full-scope review, the bank's performance in the AA is poor.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

CBI made a poor level of investments in the AA. This conclusion is based on the bank's limited activities in qualified investments considering the needs and opportunities available through community contacts and the bank's size and financial capability. During this evaluation period, the bank made investments in local organizations; however, none of them met the definition of community development. CBI also had no prior period investments that were still outstanding on its books that could have been considered for community development. The bank's AA represents a portion of the Chicago MSA, where many opportunities are available to invest in community development activities that benefit the bank's AA. We contacted the OCC's District Community Affairs Officer to determine the level and types of investment opportunities available in the AA. We also reviewed available evaluations from other financial institutions in the AA to determine the level and types of investments other local institutions have made. We determined that there are numerous qualified investment opportunities available within the AA. These opportunities include investments in community development corporations (CDCs), Small Business Administration loan programs (Microlending Demonstration Program and 504 Program), credit counseling agencies, small business development centers, and non-profit organizations that provide social services to low- and moderate-income individuals.

CBI's qualified investments during the evaluation period consisted of cash contributions and donations to three different community development organizations totaling \$4,050. These investments were routine and non-complex in nature. Specific contributions include:

- \$3,000 grant to a social service agency that provides budget counseling and debt-management services; shared independent living projects for wards of the Illinois Department of Children and Family Services (DCFS); and affordable and federally assisted housing for people who are 62 years of age or older and have very low income.
- \$550 grant to a nonprofit community development corporation that encourages local businesspersons and area residents to renovate and improve private property within the community so as to counteract the natural deterioration of the homes and commercial properties due to age and use. A primary purpose of the organization is to develop plans and resources intended to improve the overall economic conditions in Berwyn by attracting new small businesses to the AA, which in turn would result in increased employment opportunities for low- and moderate-income individuals.

- \$500 grant to an organization with the goal of eliminating poverty housing in the western Cook County area, which includes the bank's AA. It is a venture of the people in the Western Cook County area to provide affordable housing. The houses are built or renovated using volunteer labor and donated materials and are sold to a family in need (unable to qualify for a bank loan) at no profit and no interest. Homeowners are chosen based on their level of need, their willingness to become partners in the program, and their ability to repay the loan.

SERVICE TEST

The bank's performance under the Service Test is rated "**High Satisfactory**". Based on a full-scope review, the bank's performance in the AA is adequate.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

CBI's delivery systems are accessible to geographies and individuals of different income levels in the AA. CBI operates three full service locations, one of which is in a moderate-income geography. Although CBI has no offices in the one low-income geography, only 0.43 percent of the AA population lives in this geography. The distribution of branches in moderate-income geographies (33 percent) exceeds the 9.44 percent population residing in moderate-income geographies. CBI's Cicero branch located in a middle-income geography is also adjacent to four of the remaining 21 moderate-income geographies in the AA. Therefore, the bank's three branches are readily accessible to five moderate-income geographies, and are considered reasonably accessible to the remaining 17 moderate-income geographies.

CBI has not opened or closed any full service office locations, but it has closed one financial center during the evaluation period. Although this center was located in an upper income geography and was adjacent to a moderate-income geography, it was not a full service, deposit-taking location.

CBI's hours and services offered at the full service offices provide adequate accessibility for the bank's customers. The services offered are standard among the offices. Two offices offer Saturday hours and loan officers are available on Saturdays. The third office, located in a moderate-income geography, does not have Saturday hours. This geography consists mainly of an industrial park, near O'Hare airport, with only .46 percent of the AA's owner-occupied housing units and 0.08 percent of the population. This office provides deposit services to the employees of the various companies located in the industrial park. The lack of Saturday business hours for this location is considered reasonable due to the composition mix of the population.

The distribution of automated teller machines (ATMs) is adequate. CBI operates ten (four full-service and six cash dispensing) ATMs. All the full-service ATMs are located in the middle-income geographies. The main office has two full-service ATMs, the branch has one full-service ATM and a hospital across the street from the main office has the fourth full-service ATM. In addition, CBI operates six off-site cash-dispensing ATMs, two of which are located in moderate-income geographies, three in middle-income geographies and one in upper-income geography.

CBI also offers some other alternative delivery systems, including telephone banking, loan-by-phone, and personal computer (PC) banking. PC banking allows customers to make account transfers, obtain balance information, and arrange for bill payment. Loan

applications are not processed through PC banking. Customers can obtain loan information through PC banking; however, they must use the loan-by-phone service to complete an application for a loan product. CBI does not, however, monitor usage of these alternative delivery services by low- and moderate-income individuals. Therefore, we did not place significant weight on these alternative delivery systems when drawing our CRA performance conclusions.

Community Development Services

CBI's performance in providing community development services in the AA is good. Bank management invests numerous hours in community development programs targeted to low- and moderate-income individuals. These services include conducting seminars for first-time homebuyers and financial planning seminars for low- and moderate-income individuals, providing technical financial expertise to community development organizations, and developing financial management skill programs for local school children of low- and moderate-income families.

- Officer of the bank is involved with a social service agency that provides budget counseling and debt-management services; shared independent living project for wards of the Illinois Department of Children and Family Services (DCFS); and affordable and federally assisted housing for people who are 62 years of age or older and have very low income. The bank's president serves on the Budget, Employee Benefits, and Economic Development & Self-sufficiency Committees and provides technical assistance on financial matters to the organization.
- Officer of the bank is involved with a community group that suggests and recommends ways to improve the ongoing development of North Riverside. They cover issues ranging from economic development to reviewing compliance code for residential houses and businesses. A bank officer serves as the chairman of this organization and provides technical assistance on financial matters to the organization, which primarily focuses on low- and moderate-income housing and development needs to stabilize and revitalize the community.
- Officer of the bank involved with a local non-profit community development corporation. The corporation encourages local businesspersons and area residents to renovate and improve private property within the community so as to counteract the natural deterioration of the homes and commercial properties due to age and use. It develops plans and resources intended to improve the overall economic conditions of Berwyn and to encourage local business and employment opportunities. Two bank officers are involved with this corporation. One serves as the chairperson of the loan committee and the other as an advisory committee member establishing priorities for redevelopment. They provide technical financial assistance to the organization in setting up loan programs for small businesses.
- Financial Education and Technical Expertise: The bank participates in the State of Illinois Bank at School program at a local school. The school is located in a moderate-income geography and primarily serves students of low- and moderate-

income families. A bank officer participates in classroom discussions that help the students learn the value of saving for the future and money management. It also helps them to learn financial skills through hands-on experience and classroom exercises, while making savings accounts available and easily accessible to them.

- Since the last exam, bank officers have conducted three homebuyer seminars for low- and moderate-income individuals on how to qualify and obtain loans to purchase housing. CBI also conducted a seminar for small business owners regarding availability of loan products to obtain funds to stabilize and revitalize the community.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excluding CD Loans): 01/01/98 to 12/31/00 Investment and Service Tests: 04/01/98 to 06/11/01 CD Loans: 01/01/98 to 06/11/01	
Financial Institution		Products Reviewed
Citizens Bank-Illinois (CBI) Berwyn, Illinois		Home Purchase Loans, Home Refinance Loans, Home Improvement Loans, Small Business Loans, Community Development Loans, Qualified Investments, and Community Development Services
Affiliate(s)	Affiliate Relationship	Products Reviewed
None.		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
CBI AA	Full-Scope	

Appendix B: Market Profile for Full-Scope Area

CBI AA

Demographic Information for Full-Scope Area: CBI AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Geographies/BNAs)	204	0.49	10.78	61.76	25.49	1.47
Population by Geography	1,001,502	0.43	9.44	60.66	29.47	0.00
Owner-Occupied Housing by Geography	261,480	0.20	6.29	60.08	33.44	0.00
Businesses by Geography	42,283	0.08	7.79	55.11	36.93	0.09
Farms by Geography	520	0.00	3.46	54.81	41.73	0.00
Family Distribution by Income Level	266,465	13.34	17.90	26.39	42.37	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	83,255	0.86	15.50	66.78	16.86	0.00
Median Family Income		\$47,894	Median Housing Value			\$122,960
HUD Adjusted Median Family Income for 2000		\$67,900	Unemployment Rate			2.51%
Households Below the Poverty Level		5.15%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census and 2000 HUD updated MFI.

CBI is headquartered in Berwyn, Illinois. The bank's AA consists of geographies in portions of both Cook and Du Page counties, which are part of the Chicago MSA. There are 204 geographies within the bank's AA, out of which one or 0.49 percent is low-income, 22 or 10.78 percent are moderate-income, 126 or 61.76 percent are middle-income and 52 or 25.49 percent are upper-income. There are three geographies that are not designated by income levels.

CBI's AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income areas.

The 2000 HUD adjusted median family income for the AA is \$67,900. Based on the 1990 census data, 13 percent of the families in the bank's AA are low-income and 18 percent are moderate-income.

The total population based on the 1990 census data was 1,001,502, with less than 1 percent of the population living in the one low-income geography, approximately nine percent of the population living in moderate-income geographies, 61 percent of the population living in middle-income geographies, and 29 percent of the population living in upper-income geographies.

There are 387,533 housing units in the AA with 67% owner-occupied units and 29% rental-occupied units. The weighted median housing cost is \$122,960 and the average age of housing units is 45 years.

The employment base in the AA is primarily service, retail and manufacturing oriented. A majority of the businesses in the AA are incorporated with 1-4 employees. Eighty percent of the businesses in the AA report gross revenues of \$1 million or less. The primary industry in the AA is service oriented (39%), followed retail trade (16%) and manufacturing (11%). In 2000, the average unemployment rates for the Chicago MSA, the State of Illinois, and the nation as a whole were 4.2%, 4.4%, and 4% respectively.

As indicated previously, the bank is located in close proximity to the City of Chicago. There are numerous deposit-taking financial institutions both local and regional. There are also numerous lenders, besides depository institutions, that offer a variety of loan products. Therefore, competition for both deposits and loans is intense.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the

percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

Table 1. Lending Volume

LENDING VOLUME		State: Illinois				Evaluation Period: 01/01/1998 to 06/11/2001			
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$
Full-Review:									
CBI AA	100.00	272	30,122	213	35,050	0	0	3	

(*) Rated area refers to either the state or multistate MSA rating area.
 (**) The evaluation period for Community Development Loans is January 1, 1998 to June 11, 2001.
 (***) Deposit data as of December 31, 2000. Rated area refers to either the state or multistate MSA rating area.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		State: Illinois				Evaluation Period: 01/01/1998 to 06/11/2001				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans
Full-Review:										
CBI AA	122	100.00	0.20	0.00	6.29	6.56	60.08	72.13	33.44	20.00

(*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
 (**) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.
 (***) Based on 1999 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT				State: Illinois		Evaluation Period: 01/01/199				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans
Full-Review:										
CBI AA	37	100.00	0.20	0.00	6.29	8.11	60.08	83.78	33.44	8

(*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(**) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(***) Based on 1999 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE				State: Illinois		Evaluation Period: 01/01				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans
Full-Review:										
CBI AA	106	100.00	0.20	0.00	6.29	7.55	60.08	59.43	33.44	3

(*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

(**) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(***) Based on 1999 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES						State: Illinois		Evaluation Period: 01/01/19		
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total*	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans
Full-Review:										
CBI AA	214	100.00	0.08	0.00	7.79	13.08	55.11	49.53	36.93	37.00

(*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(**) Source of Data-Dunn and Bradstreet.

(***) Based on 1999 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS						State: Illinois		Evaluation Period: 01/01/19		
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total*	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans
Full-Review:										
CBI AA	0.00	0.00	0.00	0.00	3.46	0.00	54.81	0.00	41.73	

(*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(**) Source of Data-Dunn and Bradstreet.

(***) Based on 1999 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE				State: Illinois		Evaluation Period: 01/01/1998 T				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Incom Borrowers	
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% Lo
Full-Review:										
CBI AA	122	100.00	13.34	4.10	17.90	20.49	26.39	29.51	42.37	4

(*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

(**) Percentage of Families is based on 1990 Census information.

(***) As a percentage of loans with borrower income information available. No information was available for 2% of loans originated and purchased by the bank.

(****) Based on 1999 Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT				State: Illinois		Evaluation Period: 01/01/1998				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Incom Borrowers	
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% Lo
Full-Review:										
CBI AA	37	100.00	13.34	13.51	17.90	32.43	26.39	35.14	42.37	1

(*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(**) Percentage of Families is based on 1990 Census information.

(***) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.

(****) Based on 1999 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE				State: Illinois		Evaluation Period: 01/01/1998 TO 12/31/2000				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***	% of Families*	% BANK Loans***
Full-Review:										
CBI AA	106	100.00	13.34	10.38	17.90	26.42	26.39	25.47	42.37	30.00

(*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

(**) Percentage of Families is based on 1990 Census information.

(***) As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by the bank.

(****) Based on 1999 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES				State: Illinois		Evaluation Period: 01/01/1998 TO 12/31/2000			
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Marked	
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	
Full-Review:									
CBI AA	214	100.00	80.20	62.62	61.97	17.84	20.19	0.24	

(*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(**) Businesses with revenues of \$1 million or less as a percentage of all businesses.

(***) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0% of small loans to businesses originated and purchased by the bank.

(****) Based on 1999 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		State: Illinois		Evaluation Period: 01/01/1998 TO 12/31/2000				
	Total Small Loans to Farms		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Mark
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All
Full-Review:								
CBI AA	0	0.00	93.85	0.00	0.00	0.00	0.00	0.00

- (*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
- (**) Farms with revenues of \$1 million or less as a percentage of all businesses.
- (***) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0% of small loans to businesses originated and purchased by the bank.
- (****) Based on 1999 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS		State: Illinois		Evaluation Period: 01/01/1998 TO 12/31/2000					
MA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commit	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (0
Full-Review:									
CBI AA	0	0	3	4	3	4	100.00	0	

- (*) "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.
- (**) "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank financial reporting system.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS										State: Illinois		Evaluation		
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Branches (+ or -)				
				Low	Mod	Mid	Upp			Low	Mod			
Full-Review:														
CBI AA	100.00	3	100.00	0	1	2	0	0	0	0	0	0		