



# The Citizens Difference

An Interview with Cathleen Nash,  
President and Chief Executive Officer, Citizens Republic Bancorp, Inc.

**EDITORS' NOTE** Cathleen Nash was named to her current post in February 2009. Before this, she was Executive Vice President, Regional Banking of the corporation. Nash was director of branch banking of SunTrust Corporation before joining Citizens in 2006.



Cathleen Nash

**COMPANY BRIEF** Headquartered in Michigan with its roots dating back to 1871, Citizens Republic Bancorp, Inc. ([www.citizensbanking.com](http://www.citizensbanking.com)) is a diversified financial services company providing a wide range of commercial, consumer, mortgage banking, trust, and financial planning services to a broad client base. Citizens Republic serves communities in Michigan, Ohio, Wisconsin, and Indiana as Citizens Bank and in Iowa as F&M Bank, and has 232 offices and 267 ATMs. Citizens Republic is the 48th largest bank holding company headquartered in the United States.

**When you look at the severity and the speed of the economic crisis, did it surprise you how deep the crisis was, and where do you see us today on that path to recovery?**

It did surprise me, in particular how quickly the markets closed. After Bear Stearns failed, the ability to do business for many large institutions was gone, and there is a big drop off between the top 10 and everybody else, so as that trickles down, it impacts everybody. So the severity and speed did surprise us. Folks might have thought, eventually this ride has to end, but I don't think they anticipated it ending as abruptly as it did.

In terms of the length of this cycle, it depends, but I do see a few things: it will be a very slow recovery from the U.S. side, but the Midwest and upper Midwest had been in this malaise for longer than most and it will take longer than most for us to get out of it. As I'm spending time in Washington, I'm finding there is a view of the state of Michigan, specifically the Midwest in general, that there is no value left here. And that's a really unfortunate perception, because we have a fabulous university system, a trained workforce, and we will never run out of fresh water. Those are three things we should have going for us, not against us.

**For the banking industry broadly, are steps being taken by the government and**

**also within the industry to put the banks back on solid ground, and is the message out there that they are back and doing business?**

I don't think that message is out there. I sit in a number of meetings with both business leaders and bankers, and the number one comment business owners make is they can't get credit. But there are two issues, and they're counterintuitive, but from a regulatory point of view, as times get difficult, regulators want banks to grow the amount of capital they have in the bank to sustain losses.

From a recovery side, the best way to help the economy recover and for the bank to make profits is to lend money to credit-worthy borrowers who are primarily small business owners as we have seen historically during recovery cycles. So there is a bit of a tug-of-war going

■  
**We're a bank that  
reflects the communities  
where we serve.**  
■

on where banks are being asked to hold more capital and one of the fastest ways you do that is not make loans and not use your capital to grow the bank. It's a tough balancing act both for the bank and for their regulators.

**At Citizens Republic Bancorp, are you happy today with the portfolio of what you're providing, and can you talk a bit about how each of those businesses have been impacted?**

Before I arrived, the company had done an acquisition and, unfortunately, the timing was not great, because it acquired a bank primarily oriented toward commercial real estate, which has been one of the hot spots of this economic cycle. So we've put a lot of management focus and attention on that portfolio. That's not to say we would never be a commercial real estate-

lending bank, but with the amount that we have in that portfolio, in the long run, we want to be prudent and careful about the size of commercial real estate as a total of our portfolio. We are primarily a community bank. The average outstanding loans and lines that a commercial client has with us is \$750,000. We're a bank that reflects the communities where we serve. We serve small businesses primarily and, strategically, our client research tells us we do that extraordinarily well – we like to call it the Citizens Difference. Our clients tell us that we provide services they didn't expect, and we make their lives easier, and because of that, we earn the right to their entire business, and often their entire personal portfolios. We earn the right to make recommendations to our clients and help them in any way. That piece of the business is solid and growing. We're growing the net number of clients who bank with us in markets that otherwise aren't growing.

**How critical is the focus around corporate responsibility to the culture of Citizens, and is that a responsibility today for the business community?**

Absolutely. Number one, it's the right thing to do. In difficult and in good times, leaders step up. We don't have large groups of people commuting into and out of cities – we live and work in the same place. So there is a level of fiscal and moral responsibility that we look for. This is who we are.

The second thing is, it grows your company. By supporting your community, you are supporting vital growth in that community. But you have to be careful, because if you do that in a way that infers you're only in it to grow the bank, people can see that as disingenuous.

**Have you been able to find a work/life balance?**

No, because that's not what this job is. Going in, I knew my role was to be here for this company seven days a week/24 hours a day, and I'm blessed to have those around me who believe the same thing. That said, I'm a big believer in actively managing your life to reduce stress, so I exercise and eat well. We focus on wellness in the bank because healthy employees are happier and more productive employees, and if we can have fun while exercising and watching what we eat, then our health care costs go down. So we've tried to put a number of initiatives in place, and I need to lead by example. ●