



Brian D.J. Boike
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May 16, 2011

Mr. Gary A. Kuiper
Counsel
Attn: Comments
Room F-1086
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429
comments@FDIC.gov

RE: Consolidated Reports of Condition and Income, 3064-0052

Mr. Kuiper:

Citizens Bank appreciates the opportunity to provide comments on Proposed Agency Information Collection Activities as they relate to proposed changes in Call Report data collection to facilitate the revised Risk-Based Assessment System for Large Institutions.

Citizens Bank ("Citizens") is a diversified financial services company providing a wide range of commercial, consumer, and mortgage banking services to a broad client base. Citizens serves communities in Michigan, Ohio, Wisconsin and Indiana with 220 offices and 249 ATMs. Citizens' holding company, Citizens Republic Bancorp, is the largest bank holding company headquartered in Michigan and has roots dating back to 1871. Citizens is a state-chartered Federal Reserve member bank, and as such has as its primary regulator the Federal Reserve. At March 31, 2011 Citizens had assets totaling \$9.5 billion. However, because Citizens had assets in excess of \$10 billion at December 31, 2006 and has not had assets less than \$10 billion for four consecutive quarters since that time, Citizens is considered a large institution for the purposes of calculating its deposit insurance assessment in accordance with the Large Bank Pricing final rule ("Final Rule") adopted by the FDIC Board of Directors on February 7, 2011 and published in the Federal Register on February 25, 2011.

As noted in the Joint Notice published in the Federal Register March 16, 2011, most of the data used as inputs to the revised Risk-Based Assessment System for Large Institutions is available from the Call Reports and TFRs filed quarterly by these institutions. However, several inputs to the revised system are not currently collected. The Joint Notice proposes to add several reporting requirements to the Call Report in order to collect this data beginning with the June 30, 2011 report, to coincide with the

implementation of the redefined deposit assessment base as adopted by the FDIC Board of Directors on February 7, 2011 and required by section 331(b) of the Dodd-Frank Act. Citizens has concerns related to the proposed implementation approach of two specific new data items: Leveraged Loans and Subprime Consumer Loans. Although the Joint Notice states that the proposed new data items are currently gathered for the FDIC's use through examination processes at large institutions, this has not been the case at Citizens. Because these items have not been collected in the past, the necessary data does not reside electronically on Citizens' loan system. To gather this information will require Citizens to first contract with its financial systems provider to create the necessary fields in the loan system, then to examine every physical loan file in order to populate the required fields, where the data is available. This cannot be done by June 30, 2011.

1. Leveraged Loans:

The Final Rule defines Leveraged Loans as commercial loans that, at origination or renewal, exceed total or senior debt to trailing twelve month EBITDA of 4 or 3 times, respectively, or loans that are designated as highly leveraged transactions by the syndication agent. Citizens has not been asked by its regulators to provide information on leveraged lending. Because these items do not currently reside in most banks' loan systems, Citizens believes that the implementation period should be delayed from June 30, 2011 to December 31, 2011 or later to allow large institutions time to reliably comply with the data collection requirement.

2. Subprime Consumer Loans:

The Final Rule referenced the 2001 Interagency Expanded Guidance for Subprime Lending Programs in its definition for Subprime Consumer Loans. However, as the name implies, the 2001 guidance only applies to subprime programs and explicitly exempts exceptions to a prime lending program. Furthermore, the definition given in the 2001 guidance was meant to be illustrative, and not prescriptive. Citizens has not participated in subprime consumer lending product origination nor have its regulators requested information on prime consumer loans that subsequently deteriorated below prime credit metric thresholds. As a result, Citizens and other banks that have not had subprime programs have not historically captured the requested data in the manner necessary to comply with the reporting requirements.

The granularity of the typical consumer loan portfolio creates a particular challenge for digitizing information contained in paper files. Citizens currently has over 70,000 such files that would have to be physically examined. Furthermore, the Final Rule requires this information to be reported as of the date of loan origination or renewal. In researching our ability to meet the requirements of the Joint Notice, Citizens determined that many loan files that were acquired in a past merger do not contain the required data as of the origination of the loan. This data cannot be recovered. Citizens believes that it is possible to begin capture of the data requested by the Joint Notice on newly originated and renewed loans

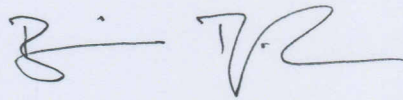
by December 31, 2011, but some other method of measurement must be adopted for existing loans, as the historical data does not exist and cannot be reproduced.

As one of the goals of the Final Rule definitions is to provide a standardized way to measure risk characteristics across large institutions, and because there is no single uniform reporting requirement regarding leveraged loans and subprime consumer loans that all large institutions are subject to due to the lack of conformity of bank regulators in the group (Federal Reserve, OCC, FDIC, OTS), Citizens believes that the implementation period should be delayed from June 30, 2011 to December 31, 2011 or later and that no other definition should be adopted for June 30, 2011 unless it is already reported on the existing Call Report. We do not believe that more flexibility in the definitions is appropriate if the goal is uniform data collection, but institutions should be given a reasonable amount of time to implement new intensive data collection requirements.

Again, we thank the FDIC for the opportunity to comment on the Joint Notice and appreciate the work that is being done to implement the revised Risk-Based Assessment System for Large Institutions.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. D. Boike', with a stylized flourish at the end.

Brian D.J. Boike
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