



January 20, 2012

Ms. Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW.
Washington DC 20551

Dear Ms. Johnson:

Citizens Republic Bancorp appreciates this opportunity to provide comments related to the Inter agency proposal to revise and extend for three years the Consolidated Reports of Condition and Income (Call Report), which is currently an approved collection of information for each agency as presented in **Federal Register** /Vol. 76, No. 224 /Monday, November 21, 2011 /Notices **72035**.

OMB Number: 7100-0036

Citizens Republic Bancorp is a \$9.5 billion-dollar banking corporation with banking offices located in Ohio, Michigan, and Wisconsin.

Comments

RC-U Loan Origination Activity (In Domestic Offices)

The proposed instructions for Schedule RC-U do not adequately define when a loan has been refinanced or renewed. The instructions need to address short term modifications for loan workout activity and default or loss mitigation actions. Examples of this type of activity would include a short term extensions of six months or less and client skip-a-payment programs.

Our automated systems would require extensive programming changes in order to gather the information related to renegotiated, refinanced, converted or renewed loans in the manner prescribed by the instructions. In order to report the data in the manner requested, a highly labor intensive manual tracking process would need to be implemented in the near term.

A similar problem currently exists in order to capture draws on lines of credit. The Bank's loan system does not capture draws on lines of credit for the quarter or even for the year. The bank would have to manually review every loan at the transaction level to obtain new extensions on existing lines.

We depend on an outside vendor for this information and project it would require at least one year or longer to implement schedule RC-U. We estimate that this would cost \$100,000 to \$150,000 to prepare this schedule in the first year.

RI-C Disaggregated Data on the Allowance for Loan and Lease Losses

Our impairment and end of period allowance for loan losses is measured by our Internal General Ledger classifications which do not align with our codes utilized for call reporting (Fed Call Codes). We use our obligor classifications and facility ratings to determine impairment pools and related risk allocated reserve percentages assigned to those pools. From a risk rating standpoint we have 10 possible obligor ratings (1-10) and 8 possible facility ratings (A-H) or a total 80 different combinations in the commercial portfolio each with unique expected loss rates. In the consumer portfolios there are 15 possible FICO score band ratings and 8 possible loan sub-segments or a total of 120 different combinations each with unique expected loss rates. A complex mapping would be needed that translates the expected loss rate for each loan and then re-aggregates by Fed Call Code. This would result in different expected loss rates being assigned to the same Fed Call code. Therefore, we would have to duplicate our model to accommodate both our current allocation model and this proposed request resulting in a matrix of thousands of different pools. The programming to complete this reporting as requested would require substantial costs and ongoing maintenance.

We project it would require at least nine months to implement schedule RI-C. We estimate that this would require \$75,000 to \$150,000 to prepare this schedule in the first year.

We appreciate the opportunity to comment on these proposed revisions to the Banks' Call Report. The two new schedules would be burdensome to complete with duplication of work to complete RI-C and substantial hours of reviewing 24,586 individual loans to complete RC-U. If you have any questions, feel free to contact Stanley Gorecki at (810) 342-7040 or Chester Thompson at (810) 766-7780.

Thank you.

Respectfully,



Lisa T. McNeely
Chief Financial Officer