



SIGNIFICANT CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the "Board") understands that one of its primary responsibilities is to provide effective governance over the affairs of Citizens Republic Bancorp, Inc. (the "Company") for the benefit of its shareholders. The following guidelines have been approved by the Board and, along with the charters of the Board committees as well as the policies of the Board, provide the framework for the governance of the Company. The Board recognizes the dynamics surrounding corporate governance issues today, and it will review these guidelines and other aspects of governance annually, or more often if deemed necessary.

Structure and Composition of the Board

Size of Board

The Board believes that smaller as opposed to larger boards function more efficiently. The Company's Articles of Incorporation ("Articles") provide for a range of between 10 and 25 members of the Board. The Board has determined that a board size of between 10 and 12 directors is optimal given existing circumstances, but agrees that such range may need to be adjusted prospectively in accordance with the Company's Articles to reflect the changing needs of the Company.

Mix of Management and Independent Directors

A substantial majority of the directors will be independent directors. All directors complete independence questionnaires annually, and the Board makes determinations as to the independence of its members. The Board shall follow the independence requirements in the Nasdaq rules in making independence determinations with respect to the members of the Board. Each director shall keep the Corporate Governance and Nominating Committee ("Governance Committee") fully and promptly informed as to any developments that might affect the director's independence.

Board Membership Criteria

The Governance Committee is responsible for assessing the appropriate skills and characteristics required of Board members, based on the needs of the Company at a given point in time, and shall periodically review and update the criteria as deemed necessary. This assessment includes issues of relevant experience, intelligence, independence, commitment, compatibility with the Chief Executive Officer (the “CEO”) and the Board culture, prominence, understanding of the Company’s business, and other factors deemed relevant. In general, the Governance Committee balances the needs for professional knowledge, business expertise, varied industry knowledge, financial expertise, and CEO-level business management experience, while maintaining within these criteria an appropriate gender and minority representation. The Governance Committee will confer with the full Board as to the criteria it intends to apply before a search for a new director is commenced.

Selection of New Directors

The Board shall be responsible for selecting its own members and in recommending them for election by the stockholders. The Board delegates the screening process involved to the Governance Committee with direct input from the Non-Executive Chairman of the Board (the “Chairman”) and the CEO. Prospective board members should demonstrate unimpeachable character and integrity, have sufficient time to carry out their duties, have experience at senior levels in areas of expertise helpful to the Company, be consistent with the objective to have a diverse and well-rounded Board, and have the willingness and commitment to assume the responsibilities required of a director of the Company. The invitation to join the Board should be extended by the Board itself via the Chairman.

Change in Principal Occupation

It is the sense of the Board that if a director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board, then the director shall tender a letter of resignation to the Governance Committee. Such committee will review the continued appropriateness of Board membership under the circumstances and either accept or reject the letter of resignation.

Retirement Age/Resignation

The Board has adopted a retirement policy for directors. Under the policy, a member of the Board shall retire from the Board effective March 1st after the calendar year he or she will attain the age of 70 years. The policy also requires a director to resign at such time as a director does not believe that he or she is able to continue to carry out the responsibilities as a director of the Company.

Duties and Responsibilities of the Board of Directors

Chairman and CEO

The Board currently believes that the positions of Chairman and CEO should be held by two different people and the Chairman should be an independent director.

Non-Executive Chairman

The board shall, by majority vote of the independent directors, annually elect one of its independent directors as its Chairman. The election of the Chairman shall be made at the annual organizational meeting of the Board (the "Annual Meeting") or at any meeting at which the Chairman is removed. Prior to the Annual Meeting, the Governance Committee shall meet and recommend a candidate for election to the Board. In the event the Board does not elect the recommended candidate by a required majority vote of the independent directors, it may consider other candidates for election. In any event, the Chairman may be removed by a majority vote of the Board who are independent exclusive of the Chairman and no person may hold the position of Chairman for more than 5 consecutive years.

The Chairman shall serve as a voting member of the Governance Committee and may, but shall not be required to, serve as chairperson of that committee. The Chairman shall serve as ex-officio non-voting member of all other Board committees if not already serving as a duly elected voting member of those committees.

In addition to any other duties prescribed by the Bylaws, the duties and responsibilities of the Chairman shall be as set forth in Appendix A.

Strategic Review

The Board will review the Company's long-term strategic plan during at least one Board meeting primarily dedicated to such topic each year. During this meeting, there will be sufficient time devoted to director discussion of the subject matter.

Access to Management

The Board has complete access to any employees of the Company. It is assumed that Board members will use judgment to be sure that any contact with Company employees is not distracting to the business operations of the Company. Furthermore, the Board encourages senior management to, from time to time, bring managers into Board meetings who can provide additional insight with respect to the items being discussed.

Access to Outside Advisors

The Board and its committees shall have the right at any time to retain independent outside advisors, and the Company shall provide appropriate funding, to compensate such independent outside advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.

Ethics

Members of the Board shall act at all times in accordance with the requirements of the Company's Code of Ethics. The Company's Code of Ethics appears at the Company's website, www.citizensbanking.com. All directors will recuse themselves from any discussion or decision affecting their business or personal interests.

Leadership Development

Assessing the Board's Performance

The Governance Committee is responsible for coordinating the annual evaluation of the Board's performance. The Governance Committee will receive comments from all directors relative to the Board's performance and such comments will be discussed with the full Board. The purpose of the evaluation is to increase the effectiveness of the Board as a whole and not to focus on the performance of individual Board members. The Governance Committee will also utilize the results of this evaluation process when determining the characteristics and assessing critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to the various committees. The directors will also engage in individual self-assessment evaluations to help in assessing their own individual performance.

Board Compensation

It is the general policy of the Board that its members should receive a mix of cash and equity-based compensation. The compensation of directors will be periodically reviewed by the Compensation and Human Resources Committee (the "Compensation Committee"), which shall make recommendations to the full Board. The senior management of the Company, working with the Compensation Committee's independent outside compensation consultants, will report from time to time to the Compensation Committee on the status of board compensation in relation to other companies and with regard to trends and developments in director compensation. Directors will be reimbursed for travel expenses incurred in connection with their duties as directors.

Stock Ownership

Directors are required to maintain common stock of the Company with an aggregate fair value of at least five (5) times the annual board retainer. In the event that any director does not possess such ownership level at the time of the annual organization meeting of the Board, he or she will be required to take all or such portion of their annual retainer fee in restricted stock (or restricted stock units) of the Company until such time as the aforementioned stock ownership guidelines are achieved. In the event that a director shall terminate his or her directorship prior to the next annual organization meeting of the Board, he or she shall forfeit, on a pro rata basis, that portion of the annual retainer amount paid in restricted stock (or restricted stock units).

The Governance Committee has also established stock ownership guidelines for the Company's executive officers who serve on the executive council ("Executive Officers"). Executive Officers are required to hold at least 30,000 shares of Company common stock for such officers whose base salaries are \$250,000 or more and at least 10,000 shares for such officers with a base salary of less than \$250,000. Executive Officers are provided a period of five years from the date of their appointment to attain such levels of ownership.

For purposes of the above guidelines, stock ownership includes shares of the Company's common stock held outright, in the Company's 401(k) Plan, by a spouse, by a trust controlled by a director or executive officer, and unvested shares of restricted stock.

Director Orientation and Continuing Education

When a new director joins the Board, the management of the Company will provide an orientation program for the director to become familiar with the Corporation's vision, strategic direction, core values including ethics, financial matters, corporate governance practices and other key policies and practices through a review of background material, meetings with senior management and visits to Company facilities. The CEO in conjunction with senior management is responsible for new-director orientation programs.

Directors are encouraged to participate in continuing director education programs. Continuing education programs for Board members may include a mix of in-house and third-party presentations and programs and outside educational opportunities. Such participation is an appropriate expense to be reimbursed by the Company in accordance with the Continuing Education Expense Reimbursement Policy.

CEO Job Description and Performance Review

The CEO's performance is evaluated each year by the Board as a whole, based on the objective criteria and our financial performance. The Chairman and the chairman of the Compensation Committee prepare a performance appraisal and development plan, and

prepare a recommendation to the Compensation Committee with regard to the CEO's total compensation. The Compensation Committee then reviews the performance evaluation, the development plan, the recommendation of the Chairman and the chairman of the Compensation Committee and competitive market data, and then determines the appropriate total compensation for the CEO for the year. The Compensation Committee recommends any salary adjustments to the Board, which after reviewing the recommendation and the performance review, makes the final determination with regard to the CEO's total compensation.

Management Development and Succession Planning

The CEO reviews succession planning and management development with the Board on an annual basis. There is also available, on a continuing basis, the CEO's recommendation as to a successor in the event of the CEO's unexpected death, disability or departure from the Company. The Board shall approve and periodically review a succession plan for the CEO.

Operations of the Board

Meetings

A total of six (6) regular meetings of the Board are scheduled in advance. In addition to these regularly scheduled meetings, special Board meetings may also be called to address specific needs of the Company. The Board ensures that meetings will be long enough to allow directors to explore key issues in depth, and will be frequent enough to follow emerging corporate trends. The Board and its Committees may also take action from time to time by virtue of conference phone where all participants can hear one another or by unanimous written consent.

Board Meeting Agendas

Directors are urged to make suggestions for agenda items, or additional pre-meeting materials, to the Chairman, the CEO, or the Secretary of the Board. The Chairman and the CEO will work with the Secretary of the Board to establish the agenda for each Board meeting.

Board Meeting Materials and Presentations

It is the sense of the Board that information and data that is important to the Board's understanding of the business be distributed in writing to the Board members sufficiently in advance of the meeting to allow Board members to review and deliberate on the subjects being presented. Management should make every attempt to see that these materials are as succinct as possible while still providing the appropriate information. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

Regular Attendance

Directors are expected to attend Board meetings and meetings of Committees on which they serve, and to spend the time needed to prepare for such meetings.

Executive Sessions

The directors will meet in executive session as a part of each regular Board meeting. Part of each executive session will be a discussion between the independent members of the board and the CEO. The remaining part of each executive session will occur without the CEO or other members of management present. These sessions will provide the opportunity for discussion of such other topics as the non-management directors may find appropriate and provide Board members with an opportunity to react to management proposals and actions in an environment free from formal or informal constraints. The Chairman is responsible for advising the CEO of decisions reached, and suggestions made, at these sessions.

Committees of the Board

Types of Committees

The Board as a whole is responsible for the oversight of the Company on behalf of the Company's shareholders. The Board is assisted in its oversight function by Board committees. The Board has established the following standing committees to assist the Board in discharging its responsibilities: (i) Audit; (ii) Compensation and Human Resources; (iii) Corporate Governance and Nominating; (iv) Risk Management; and (v) Executive. The Board may from time to time establish additional committees as necessary or appropriate.

Membership of Committees

Membership on the committees is reviewed each year by the Corporate Governance and Nominating Committee. Committee membership will rotate from time to time among the Board members in order to allow more directors to become involved in the various committees. Committee assignments and chair and vice chair designations are then approved by the full Board. As a general rule, it is required that each committee chairman will rotate off the committee when his or her five year term as chairman is completed. Membership on the Audit, Corporate Governance and Nominating, Risk Management and Compensation and Human Resources Committees will consist only of independent directors as defined in these guidelines.

Committee Charters

The Board will assure that each standing committee has a charter setting forth the purpose, authority and duties of each committee. On an annual basis or more frequently if appropriate, each committee will review its charter and will present any modifications to the full Board for approval. Committee charters are available on the Company's web site, www.citizensbanking.com.

Committee Meetings and Agendas

The committee chairman, in consultation with committee members and senior management, will determine the frequency and length of the meetings of each committee and will develop the committee's agenda.

Regular Report to the Board

Each committee will report the highlights of the committee's activities to the Board. Committee meeting minutes will generally be supplied to the full Board at the meeting following each meeting of the respective committees.

DUTIES AND RESPONSIBILITIES OF THE NON-EXECUTIVE CHAIR

In addition to any other duties prescribed by the Bylaws, the duties and responsibilities of the Chairman shall be as follows:

- Executive Committee: Serving as the chair of the executive committee.
- Board Meetings: Presiding over the meetings of the board of directors and maintaining the authority to call board of directors meetings. Also chairing all shareholder meetings unless the Board specifically designates someone else to preside.
- Communication/Directors: Maintaining regular communication among the other directors and seeking director feedback.
- Succession Planning: Along with the chairman of the compensation and human resources committee, leading the board's review of the succession plan for the chief executive officer and other senior executives.
- Consultants: Making recommendations to the board of directors about retaining independent consultants for the board, who will report to the board on board matters.
- Liaison/Directors: Acting as the principal liaison and a channel for communication between the chief executive officer and independent directors. Also serving as an advisor to the chief executive officer concerning the interests and priorities of the Board and the relationship between management and the board.
- Leadership: Providing leadership to ensure that the Board works cohesively and independently.
- Crisis: Ensuring Board leadership in times of crisis.
- Information: Advising the chief executive officer as to the quality, quantity, and timeliness of the flow of information from company management that is necessary for the independent directors to effectively and responsibly perform their duties.
- Corporate Governance: Being available as a resource to consult with the chief executive officer and other Board members on corporate governance practices and policies and monitoring of the same.

- Conflicts: Considering and dealing with questions of possible conflicts of interest of the Board members. Also, considering the same for the CEO.
- Committees: In consultation with the chairman of the corporate governance and nominating committee, coordinating the assessment of Board committee structure, organization and charters and evaluating the need for any changes; consulting with the chairman of the corporate governance and nominating committee concerning recommendations to the Board for committee membership, including chairpersons; and overseeing the proper delegation of responsibilities from the Board to the appropriate committee from time to time.
- Board Candidates: Along with the chairman of the corporate governance and nominating committee, interviewing all Board candidates, and making recommendations to the corporate governance and nominating committee and the Board.
- Executive Sessions: Coordinating and developing the agenda, and moderating executive sessions of the Board's independent directors, and communicating to the chief executive officer the substance of the discussions occurring at such sessions as appropriate.
- CEO Performance: Together with the chairman of the compensation and human resources committee and such other directors as they deem appropriate, meeting with the chief executive officer to discuss the Board's evaluation of the chief executive officer's performance.
- Best Practices: Working with the corporate governance and nominating committee chairman to ensure there is a process to implement best practices which relate to the responsibilities of the Board.
- New Directors: Assisting in orienting and integrating new directors to the Board.
- Segregation of Duties: Ensuring that the Board understands and maintains the boundaries between Board, committees, and management responsibilities.
- Meeting Planning: Helping to develop board agendas to ensure an appropriate balance between oversight and strategic issues and at all times looking to drive long-term shareholder value. Further, ensuring that critical issues are included for discussion, and serving as a sounding board on the development and presentation of significant issues, plans and strategies for Board consideration.