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**APPLICATION**  
TO THE  
**BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM**  
BY  
**CITIZENS FINANCIAL GROUP, INC.**  
RELATING TO THE PROPOSED ACQUISITION OF  
**INVESTORS BANCORP, INC. AND INVESTORS BANK**

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**September 2, 2021**

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# Application to Become a Bank Holding Company and/or Acquire an Additional Bank or Bank Holding Company—FR Y-3

Citizens Financial Group, Inc.  
Corporate Title of Applicant

One Citizens Plaza  
Street Address

Providence RI 02903  
City State Zip Code

(Type of organization, such as corporation, partnership, business trust, association, or trust)

Hereby applies to the Board pursuant to:

- (1) Section 3(a)(1) of the Bank Holding Company Act of 1956, as amended, (“BHC Act”—12 U.S.C. §1842), under “Procedures for other bank acquisition proposals” as described in section 225.15 of Regulation Y;
- (2) Section 3(a)(3) of the BHC Act, under “Procedures for other bank acquisition proposals” as described in section 225.15 of Regulation Y; or
- (3) Section 3(a)(5) of the BHC Act, under “Procedures for other bank acquisition proposals” as described in section 225.15 of Regulation Y.

for prior approval of the acquisition of direct or indirect ownership, control, or power to vote at least ( 100% ) of a class of voting shares or otherwise to control:

Number Percent

Investors Bancorp, Inc.  
Corporate Title of Bank or Bank Holding Company

101 JFK Parkway  
Street Address

Short Hills NJ 07078  
City State Zip Code

Does applicant request confidential treatment for any portion of this submission?

- Yes
  - As required by the General Instructions, a letter justifying the request for confidential treatment is included.
  - The information for which confidential treatment is being sought is separately bound and labeled "Confidential."
- No

Public reporting burden for this collection of information for applications filed pursuant to section 3(a)(1) of the BHC Act are estimated to average 53 hours per response while applications filed pursuant to section 3(a)(3) or section 3(a)(5) of the BHC Act are estimated to average 63.5 hours per response, including the time to gather and maintain data in the required form, to review instructions and to complete the information collection. The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; and to the Office of Management and Budget, Paperwork Reduction Project (7100-0121), Washington, DC 20503.

Name, title, address, telephone number, and facsimile number of person(s) to whom inquiries concerning this application may be directed:

H. Rodgin Cohen  
Name

Senior Chair  
Title

Sullivan & Cromwell LLP, 125 Broad Street  
Street Address

New York NY 10004  
City State Zip Code

(212) 558-3534  
Area Code / Phone Number

Cohenhr@sullcrom.com  
Email Address

Mitchell S. Eitel  
Name

Partner  
Title

Sullivan & Cromwell LLP, 125 Broad Street  
Street Address

New York NY 10004  
City State Zip Code

(212) 558-4960  
Area Code / Phone Number

Eitelm@sullcrom.com  
Email Address

## Certification

I certify that the information contained in this application has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission to the best of my knowledge and belief. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §1001 and §1007.

I also certify, with respect to any information pertaining to an individual and submitted to the Board in (or in connection with) this application, that the applicant has the authority, on behalf of the individual, to provide such information to the Board and to consent or to object to public release of such information. I certify that the applicant and the involved individual consent to public release of any such information, except to the extent set forth in a written request by the applicant or the individual, submitted in accordance with the Instructions to this form and the Board's Rules Regarding

Signed this 2nd day of September, 2021.

Availability of Information (12 C.F.R. Part 261), requesting confidential treatment for the information.

I acknowledge that approval of this application is in the discretion of the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Actions or communications, whether oral, written, or electronic, by the Federal Reserve or its employees in connection with this filing, including approval if granted, do not constitute a contract, either express or implied, or any other obligation binding upon the agency, the United States or any other entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of the Federal Reserve to exercise its supervisory, regulatory, or examination powers under applicable laws and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agency of the Federal Reserve or of the United States.



Signature of Chief Executive Officer or Designee

John F. Woods, Chief Financial Officer



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Corporate Title of Bank or Bank Holding Company

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Street Address

Short Hills NJ 07078  
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Name

Senior Chair  
Title

Sullivan & Cromwell LLP, 125 Broad Street  
Street Address

New York NY 10004  
City State Zip Code

(212) 558-3534  
Area Code / Phone Number

Cohenhr@sullcrom.com  
Email Address

Mitchell S. Eitel  
Name

Partner  
Title

Sullivan & Cromwell LLP, 125 Broad Street  
Street Address

New York NY 10004  
City State Zip Code

(212) 558-4960  
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Eitelm@sullcrom.com  
Email Address

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Signature of Chief Executive Officer or Designee

John F. Woods, Chief Financial Officer

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## **Request for Confidential Treatment**

Confidential treatment is being requested under the federal Freedom of Information Act, 5 U.S.C. § 552 (the “FOIA”), and the implementing regulations of the Board of Governors of the Federal Reserve System (the “Federal Reserve”), for the information contained in the Confidential Exhibits Volume to this application (the “Confidential Materials”). The Confidential Materials include, for example, nonpublic pro forma financial information and information regarding the business strategies and plans of (1) Citizens Financial Group, Inc. (“CFG”) and its subsidiary bank, Citizens Bank, National Association (“CBNA”) and (2) Investors Bancorp, Inc. (“Investors”) and its subsidiary bank, Investors Bank, and other information regarding additional matters of a similar nature, which is commercial or financial information that is both customarily and actually treated as private by CFG, CBNA, Investors and Investors Bank and provided to the government under an assurance of privacy. Certain information in the Confidential Materials also includes confidential supervisory information, which is precluded from disclosure. None of this information is the type of information that would otherwise be made available to the public under any circumstances. All such information, if made public, could result in substantial and irreparable harm to CFG, CBNA, Investors and Investors Bank. Other exemptions from disclosure under the FOIA may also apply. In addition, investors and potential investors could be influenced or misled by such information, which is not reported in any documents filed or to be filed in accordance with the disclosure requirements of applicable securities laws, as a result of which CFG or Investors could be exposed to potential inadvertent violations of law or exposure to legal claims. Accordingly, confidential treatment is respectfully requested for the Confidential Materials under the FOIA and the Federal Reserve’s implementing regulations.

Please contact H. Rodgin Cohen (212-558-3534) or Mitchell S. Eitel (212-558-4960) before any public release of any of this information pursuant to a request under the FOIA or a request or demand for disclosure by any governmental agency, congressional office or committee, court or grand jury. Such prior notice is necessary so that CFG, CBNA, Investors and Investors Bank may take appropriate steps to protect such information from disclosure.

## PRELIMINARY STATEMENT

### I. OVERVIEW

Citizens Financial Group, Inc. (“CFG”), a bank holding company incorporated under Delaware law and headquartered in Providence, Rhode Island that has elected to become a financial holding company, hereby submits the following application (the “Application”) to the Federal Reserve Bank of Boston and the Board of Governors of the Federal Reserve System (the “Board”), pursuant to Sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act of 1956, as amended (the “BHC Act”), and Sections 225.11 and 225.15 of the Board’s Regulation Y promulgated thereunder, requesting the Board’s prior approval for Investors Bancorp, Inc. (“Investors”), a bank holding company incorporated under Delaware law and headquartered in Short Hills, New Jersey, to merge with and into CFG, with CFG as the surviving entity (the “Merger”), and thereby for CFG to acquire Investors’ sole insured depository institution subsidiary, Investors Bank, a New Jersey state-chartered bank headquartered in Short Hills, New Jersey (“Investors Bank”). Shortly following the Merger, Investors Bank will merge with and into CFG’s sole insured depository institution, Citizens Bank, National Association, a national banking association headquartered in Providence, Rhode Island (“CBNA”), with CBNA as the surviving bank (the “Bank Merger” and together with the Merger, the “Transaction”).

Both CFG and Investors are publicly traded companies. Information regarding each of the parties to the Transaction is set forth below in Section IV. In addition to Investors Bank, CFG will acquire indirect control of non-depository subsidiaries of Investors for which no application is required.<sup>1</sup> Additional information regarding Investors’ subsidiaries is set forth in Section IV.C.

Simultaneously with the submission of this Application, CBNA is submitting an application for the Bank Merger to the Office of the Comptroller of the Currency (“OCC”) pursuant to the Bank Merger Act (the “BMA Application”), a copy of which will be provided to the Board under separate cover.

As discussed in detail below, the Transaction satisfies all the criteria for approval under the BHC Act, the Bank Merger Act and applicable state law. Following the Transaction, CFG will be a sound, financially strong, and more competitive institution, with enhanced managerial resources and a deep-rooted and proven commitment to its communities.

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<sup>1</sup> These include subsidiaries the shares of which CFG may hold pursuant to Section 4(c) of the BHC Act and Section 225.22(b) of Regulation Y. In addition, CFG will acquire indirect control of Investors Bank’s non-bank subsidiaries, each of which conducts activities permissible to be conducted by CBNA. No prior Board approval is required for CFG’s direct or indirect acquisition of such subsidiaries pursuant to Section 225.22(e) of Regulation Y.

## II. DESCRIPTION OF THE TRANSACTION

### A. The Merger

On July 28, 2021, CFG and Investors entered into an Agreement and Plan of Merger (the “Merger Agreement”) that provides for the merger of CFG and Investors. Pursuant to the Merger Agreement, and subject to the receipt of all required regulatory approvals and the satisfaction of other customary closing conditions, Investors will merge with and into CFG, with CFG as the surviving corporation. A copy of the Merger Agreement is attached as Public Exhibit 1.<sup>2</sup> The aggregate value of the Transaction is approximately \$3.5 billion.<sup>3</sup>

Upon the terms and subject to the conditions of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of common stock, \$0.01 par value per share, of Investors (“Investors Common Stock”) issued and outstanding immediately prior to the Effective Time will be converted into the right to receive (i) 0.297 shares (the “Exchange Ratio”) of common stock, par value \$0.01 per share, of CFG (“CFG Common Stock”) (such shares, the “Stock Consideration”) and (ii) \$1.46 in cash (the “Per Share Cash Consideration” and together with the Stock Consideration, the “Merger Consideration”). Holders of Investors Common Stock will receive cash in lieu of fractional shares.

Upon the terms and subject to the conditions of the Merger Agreement, at the Effective Time, (i) each option to purchase shares of Investors Common Stock under Investors’ 2015 Equity Incentive Plan and 2006 Equity Incentive Plan (the “Investors Stock Plans”) outstanding immediately prior to the Effective Time will be converted into an option to purchase a certain number of shares of CFG Common Stock and (ii) each outstanding share of Investors Common Stock subject to a restricted stock award under Investors’ 2015 Equity Incentive Plan will be converted into a certain number of restricted shares of CFG Common Stock, in each case, adjusted to reflect the Merger Consideration.

Based on the number of shares of Investors Common Stock outstanding as of July 27, 2021, upon consummation of the Merger, CFG expects to issue approximately 73.5 million shares of CFG Common Stock (not including shares of CFG Common Stock reserved for issuance in respect of converted Investors equity awards described in the prior paragraph).

A certified copy of the resolutions approving the transactions contemplated by the Merger Agreement, including the Merger, adopted by the board of directors of CFG (the “CFG

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<sup>2</sup> In connection with its entry into the Merger Agreement, CFG has filed with the Securities and Exchange Commission (the “SEC”) a Form 8-K dated July 28, 2021, *available at* <https://www.sec.gov/ix?doc=/Archives/edgar/data/759944/000075994421000103/cfg-20210728.htm> and Investors has filed with the SEC a Form 8-K dated July 28, 2021, *available at* <https://www.sec.gov/ix?doc=/Archives/edgar/data/1594012/000119312521226716/d197972d8k.htm>, in each case in connection with its entry into the Merger Agreement.

<sup>3</sup> This amount is based on the closing price of CFG Common Stock on July 27, 2021 of \$44.32 (*i.e.*, immediately prior to the public announcement of the Transaction). Please also refer to note 2 in Public Exhibit 7 for a discussion of the estimated reduction of 6 million in Investors’ shares in connection with the liquidation of Investors’ Employee Stock Ownership Plan.

Board”) and the board of directors of CBNA (the “CBNA Board”) is attached as Public Exhibit 4, and a certified copy of the resolutions adopted by the board of directors of Investors (the “Investors Board”) and the board of directors of Investors Bank (the “Investors Bank Board”) approving the transactions contemplated by the Merger Agreement, including the Merger, is attached as Public Exhibit 5.

**B. The Bank Merger**

At 12:01 a.m. New York time on the date following the date on which the closing of the Merger occurs (the “Closing” and, such date, the “Closing Date”), or at such later time and date as specified in the Bank Merger Agreement (as defined below), in accordance with applicable law, Investors Bank will merge with and into CBNA, with CBNA as the surviving bank and a wholly-owned subsidiary of CFG.

The Form of Bank Merger Agreement between CBNA and Investors Bank (the “Bank Merger Agreement”) is attached as Public Exhibit 2. A certified copy of the resolutions approving the Bank Merger adopted by the CBNA Board and by CFG, as sole stockholder of CBNA, are attached as Public Exhibit 4, and a certified copy of the resolutions approving the Bank Merger adopted by the Investors Bank Board and Investors, as sole stockholder of Investors Bank, is attached as Public Exhibit 5.

**C. The Transaction**

Below is a summary of the principal terms of the Transaction, subject to the terms and conditions of the Merger Agreement.

<b>Structure of the Transaction</b>	Investors will merge with and into CFG, with CFG as the surviving corporation.  At 12:01 a.m. New York time on the date following the Closing Date, or at such later time and date as specified in the Bank Merger Agreement, in accordance with applicable law, Investors Bank will merge with and into CBNA, with CBNA as the surviving bank.
<b>Consideration</b>	Each share of Investors Common Stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive (i) 0.297 shares of CFG Common Stock and (ii) \$1.46 in cash.
<b>Treatment of Investors Equity Awards</b>	At the Effective Time: <ul style="list-style-type: none"> <li>• each option to purchase shares of Investors Common Stock (an “<u>Investors Option</u>”) under the Investors Stock Plans outstanding immediately prior to the Effective Time, will be converted into an option to purchase a number of shares of CFG Common Stock (a “<u>CFG Option</u>”) equal to the product (rounded down to the nearest whole number) of (x) the number of shares of Investors Common Stock subject to such Investors Option immediately prior to the Effective Time and (y) the Investors Equity Award Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent)</li> </ul>

	<p>equal to (A) the exercise price per share of Investors Common Stock of such Investors Option immediately prior to the Effective Time <i>divided by</i> (B) the Investors Equity Award Exchange Ratio; and</p> <ul style="list-style-type: none"> <li>• each outstanding share of Investors Common Stock subject to a restricted stock award (an “<u>Investors Restricted Share</u>”) under Investors’ 2015 Equity Incentive Plan will be converted into a number of restricted shares of CFG Common Stock (a “<u>CFG Restricted Share</u>”) equal to the Investors Equity Award Exchange Ratio (rounded to the nearest whole number).</li> </ul> <p>The “<u>Investors Equity Award Exchange Ratio</u>” is equal to the sum of (A) the Exchange Ratio and (B) the quotient obtained by dividing (x) the Per Share Cash Consideration by (y) the volume weighted price of shares of CFG Common Stock quoted on the New York Stock Exchange (“<u>NYSE</u>”) on each of the last twenty trading days ending on the day which is the fifth trading date immediately preceding the date that the Effective Time occurs.</p> <p>Except as specifically provided in the Merger Agreement, following the Effective Time, each CFG Option and CFG Restricted Share will generally continue to be governed by the same terms and conditions as were applicable thereto immediately prior to the Effective Time.</p>
<p><b>Regulatory Approvals</b></p>	<p>CFG and Investors have agreed to cooperate with each other and use their reasonable best efforts to prepare and file all necessary notices, reports and other filings and to obtain all permits, consents, approvals and authorizations necessary or advisable to be obtained from any governmental authorities in order to consummate the Merger, the Bank Merger or any of the other transactions contemplated by the Merger Agreement. In addition, CFG has agreed to make any initial filings with governmental authorities as soon as reasonably practicable following the execution of the Merger Agreement.</p>
<p><b>Corporate Governance</b></p>	<p>CFG and Investors have agreed that (i) Kevin Cummings, the current Chairman &amp; Chief Executive Officer and director of Investors, and (ii) Michele Siekerka, a current independent director of Investors, will each be appointed to the CFG Board (such appointed directors, the “<u>Investors Designated Directors</u>”).</p> <p>Prior to the Effective Time, the CFG Board will take all actions necessary to appoint such Investors Designated Directors to the CFG Board and, upon such appointment, the Investors Designated Directors will also join the CBNA Board effective as of the Effective Time. Subject to the CFG Board’s fiduciary duties to CFG stockholders, CFG will take all necessary action to nominate the Investors Designated Directors for election to the CFG Board in the proxy statement relating to the first annual meeting of the stockholders of CFG following the Effective Time.</p> <p>In addition, effective as of the Effective Time, and subject to such person’s compliance with the terms of their applicable employment agreement, (i) Domenick A. Cama, the current President &amp; Chief Operating Officer of</p>

	<p>Investors, will serve as the Co-Head of Integration and NYC Metro President for CBNA and (ii) Richard S. Spengler, the current Senior Executive Vice President &amp; Chief Lending Officer of Investors, will serve as Executive Vice President, Commercial Banking for CBNA.</p>
<p><b>Closing Conditions to the Merger</b></p>	<p>The completion of the Merger is subject to certain conditions.</p> <p>The obligations of each of CFG and Investors to effect the Merger is subject to the satisfaction or written waiver of the following conditions:</p> <ul style="list-style-type: none"> <li>• approval of the Merger Agreement and the Merger by the affirmative vote or requisite consent of a majority of the outstanding shares of Investors Common Stock;</li> <li>• the absence of any governmental order or law restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by the Merger;</li> <li>• effectiveness of the registration statement registering the shares of CFG Common Stock to be issued pursuant to the Merger;</li> <li>• receipt of certain regulatory approvals, including the approval of the Board and the OCC (the “<u>Required Regulatory Approvals</u>”); and</li> <li>• the authorization for listing on NYSE of the shares of CFG Common Stock to be issued in the Merger.</li> </ul> <p>Each party’s obligation to effect the Merger is also subject to the satisfaction or written waiver of certain additional customary conditions, including:</p> <ul style="list-style-type: none"> <li>• subject to certain materiality qualifiers, the accuracy of the representations and warranties of the other party;</li> <li>• performance in all material respects by the other party of its obligations under the Merger Agreement;</li> <li>• the absence of any events or circumstances that has had or would reasonably be expected to have a Material Adverse Effect (as described in the “<i>-Material Adverse Effect</i>” row below) on the other party; and</li> <li>• receipt by such party of an opinion from its counsel to the effect that the Merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.</li> </ul>
<p><b>Material Adverse Effect Standard</b></p>	<p>“Material Adverse Effect” is defined as, with respect to CFG or Investors, as the case may be, any effect, circumstance, occurrence or change that, either individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (x) the business, assets or deposit liabilities, properties, operations, results of operations or condition (financial or otherwise) of such party and its subsidiaries, taken as a whole or (y) the ability of such party and its subsidiaries to timely consummate the transactions contemplated by the Merger Agreement.</p>

	<p>Clause (x) of the definition of Material Adverse Effect contains customary carve-outs, including with respect to (A) changes in laws or GAAP or interpretations thereof, (B) changes in global, national or regional political conditions, (C) certain natural disasters or disease outbreaks, (D) changes in market price or trading volume of the applicable party’s common stock, (E) actions taken by the applicable party with the other party’s express written consent or that are expressly required to be taken under the Merger Agreement, (F) failure to meet certain projections and (G) changes affecting commercial banks generally and changes in the capital or credit markets, except, with respect to the carve-outs in clauses (A), (B), (C) and (G), where such changes disproportionately adversely affect the applicable party and its subsidiaries, taken as a whole, compared to similar companies operating in the commercial banking industry, in which case only the disproportionate effect will be taken into account.</p>
<p><b>Termination Rights</b></p>	<p>The Merger Agreement can be terminated by mutual written consent of CFG and Investors.</p> <p>In addition, the Merger Agreement can be terminated by either party, if:</p> <ul style="list-style-type: none"> <li>• the Merger has not been consummated by July 28, 2022 (the “<u>End Date</u>”); provided that the End Date may be extended to October 28, 2022 by either CFG or Investors by written notice to the other party if the Closing has not occurred by such date, and on such date the Required Regulatory Approvals have not been obtained and each of the other conditions to consummation of the Merger has been satisfied, waived or remains capable of being satisfied, except to the extent that the failure of the Merger then to be consummated arises out of or results from the knowing action or inaction of the party seeking to terminate which action or inaction is in violation of its obligations under the Merger Agreement;</li> <li>• the approval of any governmental authority required for consummation of the Merger, the Bank Merger or the other transactions contemplated by the Merger Agreement has been denied by final and nonappealable action of such governmental authority, or an application thereof has been permanently withdrawn by mutual agreement of CFG and Investors at the request or suggestion of a governmental authority;</li> <li>• the approval of Investors’ stockholders of the Merger is not obtained at the duly convened special meeting of Investors stockholders (including any adjournments or postponements of such meeting); or</li> <li>• there has been an uncured or incurable breach of any representation, warranty, covenant or agreement made by the other party such that the conditions to Closing relating to such party’s representations and warranties or covenants and agreements would not be satisfied (provided that the terminating party is not then in material breach of</li> </ul>

	<p>any of its representations, warranties, covenants or agreements in the Merger Agreement).</p> <p>In addition, the Merger Agreement may be terminated by CFG in the event that (i) Investors has materially breached its non-solicitation obligations (as described under “—<i>No Solicitation</i>” below), (ii) the Investors Board has withdrawn or modified its recommendation to Investors stockholders to approve the Merger, (iii) the Investors Board fails to reaffirm such recommendation within 10 business days of receipt of a competing acquisition proposal or (iv) a tender offer or exchange offer for Investors Common Stock has been publicly disclosed and the Investors Board recommends that its stockholders tender their shares or fails to recommend against acceptance of the offer within 10 business days of the commencement thereof. A termination fee of \$140 million will be payable by Investors to CFG upon termination of the Merger Agreement under these circumstances.</p>
<p><b>No Solicitation; Stockholders Meeting; Board Recommendation; Fiduciary Out</b></p>	<p>Investors has agreed that neither it nor any of its subsidiaries nor any of their respective officers, directors, employees and affiliates will, and to use its reasonable best efforts to cause it and its subsidiaries’ agents and representatives not to, directly or indirectly, initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to a competing transaction, subject to a customary fiduciary duty exception.</p> <p>Notwithstanding any competing transaction proposal, unless the Merger Agreement has been terminated in accordance with its terms, Investors must submit the Merger Agreement to be voted on at a meeting of its stockholders.</p>
<p><b>Employee Matters</b></p>	<p><i>Post-Closing Compensation and Benefits.</i> From the Closing until the first anniversary thereof, CFG will provide employees of Investors and its subsidiaries with (i) base salary or base wage no less than that provided by Investors immediately prior to the Effective Time, (ii) target annual cash bonus opportunities no less favorable than those provided by Investors immediately prior to the Effective Time and (iii) employee benefits (other than defined benefit plan benefits, employee stock ownership plan opportunities, change in control benefits and equity-based incentive opportunities) substantially comparable in the aggregate either to those provided by Investors immediately prior to the Effective Time or to similarly situated employees of CFG.</p> <p><i>ESOP.</i> Prior to the Closing Date, Investors will take all actions to terminate its Employee Stock Ownership Plan.</p>
<p><b>Interim Operating Covenants</b></p>	<p>Investors has agreed to customary pre-closing covenants, including covenants to operate its business in the ordinary course in all material respects and to refrain from taking certain significant actions without CFG’s consent.</p> <p>CFG has agreed to customary pre-closing covenants, including covenants to refrain from taking certain actions that would result in any of the conditions to the Merger not being satisfied in a timely manner.</p>



<b>Representations and Warranties</b>	CFG and Investors have made customary representations and warranties.
<b>Governing Law and Jurisdiction</b>	Delaware.

D. Approvals and Closing

Each of the CFG Board and Investors Board has unanimously approved its respective institution's entry into the Merger Agreement and the transactions contemplated thereby, including the Merger. Each of the CBNA Board and Investors Bank Board has unanimously approved its respective institution's entry into the Bank Merger Agreement and the Bank Merger.

The consummation of the Merger is subject to receipt of all Required Regulatory Approvals (including the approval of the Board pursuant to this Application), Investors stockholder approval, and other customary closing conditions. The consummation of the Bank Merger is subject to receipt of all regulatory approvals with respect to the Bank Merger (including the approval of the OCC), the consummation of the Merger in accordance with the terms of the Merger Agreement, and other customary closing conditions.

The following is a summary of the regulatory approvals and notices that are required to be obtained or made in order to consummate the Transaction:

1. Approval of the Merger Under Section 3 of the BHC Act

CFG hereby requests the approval of the Board for the Merger, pursuant to Sections 3(a)(3) and 3(a)(5) of the BHC Act, and Sections 225.11 and 225.15 of Regulation Y, and thereby for CFG to acquire Investors and Investors Bank.

2. Notices Required Under Section 4 of the BHC Act

A list of Investors' and Investors Bank's subsidiaries is provided in Public Exhibit 12, together with the authority under which each conducts its activities. CFG will acquire the subsidiaries pursuant to Section 4(c)(1) and 4(c)(5) of the BHC Act and Sections 225.22(b), 225.22(d) and 225.22(e) of Regulation Y.

3. Approval of the Bank Merger Under the Bank Merger Act

In addition to this Application, CBNA has contemporaneously submitted an application to the OCC pursuant to the Bank Merger Act, requesting the approval of the OCC to merge Investors Bank with and into CBNA. CFG will provide the Board with a copy of the BMA Application under separate cover, and CBNA will provide the OCC with a copy of this Application.

#### 4. Other Required Filings and Notices

CFG and Investors, will make additional filings with various governmental authorities, regulatory agencies, and self-regulatory organizations. These filings include:

- Investors Bank will provide notice to the New Jersey Department of Banking and Insurance (“NJDOBI”) pursuant to Section 17:9A-148 of the New Jersey Banking Act with respect to the approval by Investors, as sole stockholder of Investors Bank, of the Bank Merger. To the extent required, CFG will file the appropriate application pursuant to Section 17:9A-411 of the New Jersey Banking Act and New Jersey Administrative Code 3:13-1.2 with respect to the Merger. Such application will include a copy of this Application and the BMA Application. In addition, CFG or CBNA will submit appropriate notices of the Transaction, with copies of this Application and the BMA Application to the banking agencies of the other states in which Investors Bank operates branches.
- CFG and Investors will file a Registration Statement on Form S-4 with the SEC, containing a proxy statement of Investors with respect to matters requiring Investors stockholder approval and a prospectus of CFG with respect to the CFG Common Stock that will be issued in the Merger.
- CFG will file an application with the NYSE for approval to list the shares of CFG Common Stock that will be issued in the Merger.

CFG and Investors plan to complete the Transaction promptly following the receipt of the approval of Investors stockholders for the Merger, the receipt of Required Regulatory Approvals and the satisfaction (or waiver) of the other conditions to the Closing under the Merger Agreement and Bank Merger Agreement.

### **III. OVERVIEW OF THE BENEFITS OF THE TRANSACTION**

CFG and Investors have concluded, after extensive due diligence and deliberation, that the combined institution will be a sound and financially strong organization with highly capable management and commitments to its communities, a sustainable environment, and diversity and inclusion. CFG expects that the acquisition of Investors will enhance CFG’s banking franchise, adding an attractive middle market/small business and consumer customer base while building CFG’s physical presence in the northeast, including in the greater New York City and Philadelphia metropolitan areas and across New Jersey.

On May 26, 2021, CBNA entered into an agreement with HSBC Bank U.S.A., N.A. (“HSBC”) to acquire 80 of HSBC’s East Coast branches and its national online deposit business (the “HSBC Branch Acquisition”). CBNA filed an application with the OCC seeking approval for the HSBC Branch Acquisition on June 21, 2021, a copy of which was provided to the Board shortly after submission to the OCC.

The Transaction and the HSBC Branch Acquisition are complementary in terms of loans, deposits, geography and scale. In connection with the HSBC Branch Acquisition, CBNA will acquire approximately \$8.6 billion in deposits (including approximately \$2.4 billion online deposits) and approximately \$1.9 billion in loans from a retail-only customer base. The 80 branches being acquired from HSBC include 66 locations in the New York City metro area, nine locations in the Mid-Atlantic/Washington D.C. area, and five locations in southeast Florida. With respect to the Transaction, CBNA will acquire approximately \$20 billion in deposits and approximately \$21 billion in loans from a primarily retail-customer base (the Investors customer base also includes approximately 5,000 commercial customers, which are mainly small business customers). The 154 branches being acquired from Investors include 106 in New Jersey, 46 in New York and two in Pennsylvania. Together these transactions will enable CBNA to “fill the gap” between its existing branches by connecting its branches in New England to the Mid-Atlantic market, build upon CBNA’s market position in Philadelphia, and provide the branch base and brand reach needed to expand commercial and consumer lending in the New York City metropolitan area.

CFG and Investors are banking organizations that are both built on the communities they serve. The Transaction, together with the HSBC Branch Acquisition, will make CFG a more competitive and cost-efficient banking organization, bolstered by capital-enhancing capability, but the additional scale will not change the fundamental way it operates, which is on the local level, tailoring its products and services in response to the needs of the small businesses, consumers and other customers in its communities.

Both CFG and Investors have a strong tradition of outstanding commitment to customers and have provided high-quality, readily accessible service to the consumers and businesses within the communities they serve. With its broader geographic reach, greater size, capabilities, and breadth of products post-Transaction, CFG will be able to offer a more comprehensive suite of products and services for middle market/small business and consumer clients. Consumers of CFG and Investors stand to benefit from the combined company’s more expansive footprint, with domestic banking offices in 12 states (Connecticut, Delaware, Florida, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Vermont).

Post-Transaction, CFG will continue CFG’s and Investors’ strong commitment to serving their customers and, in particular, the needs of low- or moderate-income (“LMI”) communities. After the Transaction, CFG will continue to support charitable activities in the communities currently served by Investors’ existing charitable foundations, the Investors Charitable Foundation and Roma Community Bank Foundation. CFG will also provide additional funds dedicated to supporting community development and reinvestment, and civic and charitable activities in Investors’ footprint. Following the Closing, CFG would continue to have a strong base of stable core deposit funding, with additional deposit growth opportunities supported by its expanded footprint. As a result of the Transaction, CFG will be able to leverage its enhanced financial and managerial resources to compete more effectively with larger financial institutions in the relevant markets. Because CFG will be a more effective competitor post-Transaction, it anticipates there will be greater competition for pricing, service quality, and new product development, which will benefit current and potential new customers in the markets served by CFG and Investors. The Transaction is expected to provide additional benefits to the public, as

the communities and customers that are currently served by CFG and Investors will be even better served as a result of the Transaction.

#### IV. THE PARTIES

##### A. CFG and Its Subsidiaries

CFG is a Delaware corporation incorporated in 1984, a public company listed on the NYSE (common stock symbol “CFG”), and a bank holding company that has elected to become a financial holding company. Please see Public Exhibit 13 for a current organization chart of CFG and its subsidiaries. CFG, with its headquarters and principal executive offices located in Providence, Rhode Island, is subject to the primary federal supervision and regulation of the Board and provides diversified financial services, primarily through its principal subsidiaries, including, among others, CBNA.

CFG and CBNA collectively offer a broad range of retail and commercial banking products and services to individuals, small businesses, middle-market companies, large corporations and institutions. In consumer banking, CFG and CBNA provide an integrated experience that includes mobile and online banking, a 24/7 customer contact center as well as the convenience of approximately 3,000 automated teller machines (“ATMs”) and 1,000 branches in 11 states in the New England, Mid-Atlantic, and Midwest regions. Consumer banking products and services include a full range of banking, lending, savings, wealth management and small business offerings. In commercial banking, CFG and CBNA offer corporate, institutional and not-for-profit clients a full range of wholesale banking products and services including lending and deposits, capital markets, treasury services, foreign exchange and interest rate products, and asset finance.

As of June 30, 2021, CFG had total consolidated assets of approximately \$185.1 billion and shareholders’ equity of approximately \$23.2 billion.

For additional information regarding CFG’s activities, please refer to its Annual Report on Form 10-K for the year ended December 31, 2020, its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2021, and its most recent Proxy Statement pursuant to Section 14(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).<sup>4</sup>

##### B. CBNA

CBNA is a national banking association headquartered in Providence, Rhode Island and a direct and wholly owned subsidiary of CFG. CBNA operates primarily in the New England,

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<sup>4</sup> CFG’s 10-K for the year ended December 31, 2020 has been filed with the SEC and is available at <https://www.sec.gov/Archives/edgar/data/0000759944/000075994421000034/cfg-20201231.htm>.

CFG’s 10-Q for the quarter ended June 30, 2021 has been filed with the SEC and is available at <https://www.sec.gov/Archives/edgar/data/0000759944/000075994421000108/cfg-20210630.htm>.

CFG’s most recent Proxy Statement was filed with the SEC on March 5, 2021 and is *available at* <https://www.sec.gov/Archives/edgar/data/0000759944/000119312521071641/d106430ddef14a.htm>.

Mid-Atlantic and Midwest regions and has approximately 1,000 branches in 11 states as of the date of this Application.

As of June 30, 2021, CBNA had consolidated total assets of approximately \$185.0 billion, total deposits of approximately \$153.8 billion, and shareholder's equity of approximately \$22.5 billion.

C. Investors and Its Subsidiaries

Investors is incorporated in Delaware, a public company listed on The NASDAQ Global Select Market (common stock symbol "ISBC"), and a bank holding company. Please see Public Exhibit 14 for a current organization chart of Investors and its principal subsidiaries. Investors, with its headquarters located in Short Hills, New Jersey, is subject to the primary supervision and regulation of the Board. Through its subsidiary Investors Bank, Investors is in the business of attracting deposits from the public through its branch network and a secure online channel and borrowing funds in the wholesale markets to originate loans and to invest in securities. Investors originates multi-family loans, commercial real estate loans, commercial and industrial loans, one-to four- family residential mortgage loans.

Investors is the parent company of Investors Bank, a New Jersey state-chartered bank headquartered in Short Hills, New Jersey.

As of June 30, 2021, Investors had total consolidated assets of approximately \$26.8 billion and shareholders' equity of approximately \$2.8 billion.

For additional information regarding Investors' activities, please refer to its Annual Report on Form 10-K for the year ended December 31, 2020, its Quarterly Reports on Form 10-Q for the quarter ended June 30, 2021, and its most recent Proxy Statement pursuant to Section 14(a) of the Exchange Act.<sup>5</sup>

D. Investors Bank

Investors Bank, founded in 1926, is a New Jersey-chartered commercial bank headquartered in Short Hills, New Jersey, and a direct wholly owned subsidiary of Investors. As of the date of this Application, Investors Bank has 154 branches in New Jersey, New York and Pennsylvania. Investors Bank also has lending offices in Danbury, Connecticut and Charlotte, North Carolina.

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<sup>5</sup> Investors' 10-K for the year ended December 31, 2020 has been filed with the SEC and is *available at* <https://www.sec.gov/Archives/edgar/data/0001594012/000159401221000022/isbc-20201231.htm>.

Investors' 10-Q for the quarter ended June 30, 2021 has been filed with the SEC and is *available at* <https://www.sec.gov/Archives/edgar/data/0001594012/000159401221000067/isbc-20210630.htm>.

Investors' most recent Proxy Statement was filed with the SEC on April 15, 2021 and is *available at* [https://www.sec.gov/Archives/edgar/data/0001594012/000156459021018979/isbc-def14a\\_20210525.htm](https://www.sec.gov/Archives/edgar/data/0001594012/000156459021018979/isbc-def14a_20210525.htm).

Investors Bank maintains six active, direct and indirect subsidiaries: Investors Investment Corp., Investors Commercial, Inc., Investors Financial Group, Inc., Investors Financial Group Insurance Agency, Inc., MNB NY Holdings Inc. and Marathon Realty Investors Inc. A complete list of subsidiaries of Investors Bank and a description of their respective activities is included in Public Exhibit 12.

As of June 30, 2021, Investors Bank had total assets of approximately \$26.8 billion, total deposits of approximately \$19.8 billion and shareholder's equity of approximately \$2.5 billion.

E. Shareholders of CFG, Investors, and CFG Post-Transaction

1. CFG's Shareholders Before the Transaction

As of July 23, 2021, 426,083,147 shares of CFG Common Stock were issued and outstanding. As of the date of this Application, the only persons or entities known by CFG to beneficially own 5% or more of the outstanding shares of CFG Common Stock, as reported in such persons Schedule 13G filings with the SEC, are as follows:

<b>Beneficial Owner</b>	<b>Number of Shares</b>	<b>Percentage</b>
The Vanguard Group, Inc. <sup>6</sup>	48,912,586	11.45%
BlackRock, Inc. <sup>7</sup>	40,484,257	9.5%
Capital International Investors <sup>8</sup>	35,167,375	8.2%
State Street Corporation <sup>9</sup>	23,575,378	5.52%
Invesco Ltd. <sup>10</sup>	21,482,962	5.0%

2. Investors' Stockholders Before the Transaction

As of July 30, 2021, 247,615,750 shares of Investors Common Stock were issued and outstanding. As of the date of this Application, the only persons or entities known by Investors to beneficially own more than 5% of the outstanding shares of Investors Common Stock, as reported in such persons Schedule 13G filings with the SEC, are as follows:

<sup>6</sup> Based on the Schedule 13G/A filed by The Vanguard Group, Inc. with the SEC on February 10, 2021, available at <https://www.sec.gov/Archives/edgar/data/0000102909/000110465921017763/tv0549-citizensfinancialgrou.htm>.

<sup>7</sup> Based on the Schedule 13G/A filed by BlackRock, Inc. with the SEC on January 29, 2021, available at [https://www.sec.gov/Archives/edgar/data/0001364742/000083423721002997/us1746101054\\_012821.txt](https://www.sec.gov/Archives/edgar/data/0001364742/000083423721002997/us1746101054_012821.txt).

<sup>8</sup> Based on the Schedule 13G/A filed by Capital International Investors with the SEC on February 8, 2021, available at [https://www.sec.gov/Archives/edgar/data/0001562230/000156223021000085/SEC13G\\_Filing.htm](https://www.sec.gov/Archives/edgar/data/0001562230/000156223021000085/SEC13G_Filing.htm).

<sup>9</sup> Based on the Schedule 13G filed by State Street Corporation with the SEC on February 10, 2021, available at [https://www.sec.gov/Archives/edgar/data/0000093751/000009375121000095/Citizens\\_Financial\\_Group\\_Inc.txt](https://www.sec.gov/Archives/edgar/data/0000093751/000009375121000095/Citizens_Financial_Group_Inc.txt).

<sup>10</sup> Based on the Schedule 13G filed by Invesco Ltd. with the SEC on February 11, 2021, available at [https://www.sec.gov/Archives/edgar/data/0000914208/000091420821000308/SEC13G\\_Filing.htm](https://www.sec.gov/Archives/edgar/data/0000914208/000091420821000308/SEC13G_Filing.htm).

<b>Beneficial Owner</b>	<b>Number of Shares</b>	<b>Percentage</b>
BlackRock, Inc. <sup>11</sup>	36,509,977	14.8%
The Vanguard Group, Inc. <sup>12</sup>	24,777,771	10.0%
Fuller & Thaler Asset Management, Inc. <sup>13</sup>	23,504,901	9.41%
Investors Bank Employee Stock Ownership Plan Trust <sup>14</sup>	15,060,254	6.07%
Dimensional Fund Advisors LP <sup>15</sup>	12,917,916	5.2%

### 3. Post-Transaction Share Ownership

Immediately following the Closing, CFG legacy stockholders will own approximately 85.3% of CFG and Investors legacy stockholders will own approximately 14.7% of CFG. Also, The Vanguard Group, Inc., BlackRock, Inc., and Capital International Investors may each continue to be a 5% or more shareholder of CFG. Based on the Exchange Ratio and assuming the shareholders noted above that own 5% or more of either CFG Common Stock or Investors Common Stock retain their same shareholdings, the persons or entities that will beneficially own more than 5% of the outstanding shares of CFG Common Stock as of immediately following the Closing are as follows:

<b>Beneficial Owner</b>	<b>Number of Shares of Post-Transaction CFG on a <u>Pro Forma Basis</u><sup>16</sup></b>	<b>Percentage of 498,625,025 Shares<sup>17</sup> Outstanding on a <u>Pro Forma Basis</u></b>
The Vanguard Group, Inc.	56,271,583	11.3%
BlackRock, Inc.	51,322,720	10.3%
Capital International Investors	35,167,375	7.1%

<sup>11</sup> Based on the Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 10, 2021, *available at* [https://www.sec.gov/Archives/edgar/data/0001364742/000083423721007944/us4614611017\\_030921.txt](https://www.sec.gov/Archives/edgar/data/0001364742/000083423721007944/us4614611017_030921.txt).

<sup>12</sup> Based on the Schedule 13G/A filed by The Vanguard Group, Inc. with the SEC on February 10, 2021, *available at* <https://www.sec.gov/Archives/edgar/data/0000102909/000110465921091030/tv0030-investorsbancorpinc.htm>

<sup>13</sup> Based on the Schedule 13G/A filed by Fuller & Thaler Asset Management, Inc. with the SEC on January 29, 2021, *available at* [https://www.sec.gov/Archives/edgar/data/1364742/000083423721004809/us7127041058\\_012921.txt](https://www.sec.gov/Archives/edgar/data/1364742/000083423721004809/us7127041058_012921.txt).

<sup>14</sup> Based on the Schedule 13G/A filed by Investors Bank Employee Stock Ownership Plan Trust with the SEC on January 29, 2021, *available at* <https://www.sec.gov/Archives/edgar/data/0001082327/000108232721000013/r13ga4-investors20201231.txt>.

<sup>15</sup> Based on the Schedule 13G/A filed by BlackRock, Inc. with the SEC on February 10, 2021, *available at* [https://www.sec.gov/Archives/edgar/data/0001364742/000083423721007944/us4614611017\\_030921.txt](https://www.sec.gov/Archives/edgar/data/0001364742/000083423721007944/us4614611017_030921.txt).

<sup>16</sup> Represents the sum of (i) the number of shares of CFG Common Stock owned as of the date of the filing of a Schedule 13G with respect to Citizens by such shareholder, and (ii) the number of additional shares of CFG Common Stock to be issued to such shareholder in the Merger based on the number of shares of Investors Common Stock owned as of the date of filing of a Schedule 13G with respect to Investors by such shareholder.

<sup>17</sup> Represents the sum of (i) 426,083,147 shares of CFG Common Stock issued and outstanding as of July 23, 2021, and (ii) the number of additional shares of CFG Common Stock to be issued to Investors shareholders in the Merger.



## V. STATUTORY CRITERIA

CFG respectfully submits that the Transaction satisfies the criteria for approval under Section 3 of the BHC Act, as implemented by Section 225.13 of Regulation Y, and will advance the objectives of that statute.

First, the Transaction will not have a significant adverse effect on competition in any relevant market, but will, in fact, increase competition. Second, CFG and Investors have strong financial and managerial resources and, upon consummation of the Transaction, CFG will continue to have strong financial and managerial resources and be well capitalized. Third, the Transaction will further the convenience and needs of each of the communities in which CFG and Investors operate, and the Transaction satisfies the applicable requirements under the Community Reinvestment Act of 1977 (the “CRA”). Fourth, each of CFG and Investors has, and, upon consummation of the Transaction, CFG will continue to have, comprehensive and effective anti-money laundering programs. Fifth, the Transaction will not result in greater or more concentrated risks to the stability of the U.S. banking or financial system. Sixth, the Transaction complies with the interstate bank merger requirements of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the “Riegle-Neal Act”), which the Board must consider under Section 3(d) of the BHC Act and Section 44 of the FDI Act. In this regard, we note that the Transaction is reasonably expected to produce benefits to the public that significantly outweigh any possible adverse effects.

### A. Competition Analysis

Section 3 of the BHC Act prohibits the Federal Reserve from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking.<sup>18</sup> The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.<sup>19</sup> As discussed below, the Bank Merger will have minimal impact on concentration in any market, and numerous significant competitors will remain. The Bank Merger does not threaten to substantially lessen competition or tend to create a monopoly in any market.

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<sup>18</sup> 12 U.S.C. § 1842(c)(1)(A).

<sup>19</sup> 12 U.S.C. § 1842(c)(1)(B).



1. Traditional “Screens” Demonstrate No Competitive Issues<sup>20</sup>

As discussed further in the Competitive Memorandum, CBNA and Investors Bank have overlapping branches only in the Metro New York City and Philadelphia FRB Markets—two of the most competitively robust FRB Markets in the United States.

The Metro New York City FRB Market, which encompasses New York City and its surrounding communities in New York, New Jersey, Connecticut, and Pennsylvania, is home to over 125 banks (including virtually all the largest banks in the United States), 280 credit unions, and 60 thrifts that have branches in the market, along with many other Internet banks, foreign banks, and non-banks vying for customers in the region. As this crowded competitive field indicates, the Transaction poses no threat to competition in Metro New York City. Even if only taking into account competition from banks, the HHI would still increase by only 2 points to 2,263 points.<sup>21</sup> After the Merger, the two largest institutions in the region would continue to be JPMorgan Chase (“JPMorgan”), which has a 44.74% share of deposits in the region, and Bank of America (“BoA”) which has a 11.09% share. By comparison, CBNA and Investors Bank, currently ranked 14th and 15th with shares of 1.12% and 1.05%, respectively, would still rank only 8th in the market on a combined basis. If the many non-bank and non-traditional competitors in the Metro New York City market were also included in the HHI, any competitive effects of the Merger would be even more minimal.

The Philadelphia FRB Market also benefits from robust competition, with over 50 banks, 80 credit unions, and 30 thrifts that have a branch presence in the market, in addition to a multitude of online bank and non-bank competitors. After the Merger, the HHI in the Philadelphia FRB Market would still be well within safe harbors, only increasing 25 points to 1,123. The number one bank in the Philadelphia FRB Market would continue to be Wells Fargo, which has an 18.63% share of deposits. The three next largest competitors in terms of deposits would be TD Bank (15.35%), PNC Bank (14.45%), and BoA (12.05%). A combined CFG and Investors, currently ranked 5th and 14th with a 10.19% and 1.25% share of deposits, respectively, would

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<sup>20</sup> Unless otherwise noted, the Herfindahl-Hirschman Index (“HHI”) market screens presented in this discussion are based on information published by SNL Financial reflecting the June 30, 2020 SOD, including branch counts and associated deposits and have been adjusted to reflect the CBNA acquisition of 80 HSBC branches and the Investors acquisition of eight Berkshire Bank branches and certain other considerations, as discussed in Appendix A of the Competitive Memorandum. The Federal Reserve, and the Department of Justice, traditionally evaluate the competitive effects of a bank merger by calculating shares based on the branch-level deposits for each depository institution that has a branch presence within a pre-defined geographic area. The overall competitiveness of the region is then measured through the HHI, which uses shares derived from branch-based deposits. When evaluating these post-merger HHIs, well-defined Federal Reserve precedent indicates the Federal Reserve will not find that a merger raises competitive concerns when the post-merger HHI for a given geographic market is below 1,800 points or has not increased by more than 200 points. The HHIs here are well below those levels in the two overlapping markets. *See FAQs: How do the Federal Reserve and the U.S. Department of Justice, Antitrust Division, analyze the competitive effects of mergers and acquisitions under the Bank Holding Company Act, the Bank Merger Act and the Home Owners Loan Act?* (“FRB FAQs”), BD. OF GOV. OF THE FED. RES. SYS., at FAQ #3 (last updated Oct. 9, 2014) <https://www.federalreserve.gov/bankinforeg/competitive-effects-mergers-acquisitions-faqs.htm#faq3>.

<sup>21</sup> *See supra* note 20; *see also id* at FAQ #4.

continue to be ranked 5th. As supported by long-standing Federal Reserve precedent, the proposed transaction raises no competitive concerns in the Philadelphia FRB Market.

Clearly, CFG's proposed acquisition of Investors poses no threat to competition given the robust competitive environment in the greater New York City and Philadelphia regions.

## B. Financial and Managerial Resources

CFG and Investors are strongly capitalized, and the resulting CFG organization would remain so upon consummation of this Transaction and will have enhanced capital-generating capabilities. The asset quality, earnings, and liquidity of CFG and Investors are consistent with approval of this Application, and following the Transaction, CFG will have adequate resources to absorb the costs of the Transaction (in addition to the costs associated with the HSBC Branch Acquisition). CFG and Investors also have strong managerial resources and enterprise risk management systems to consummate successfully the Transaction and integrate the organizations. The Transaction brings together institutions with complementary, community-focused banking models as well as experienced, complementary management teams with a shared culture of integrity and compliance. Both CFG and Investors have a proven track record of successful conversion and integration.

The Transaction is designed to combine the existing strong financial and managerial resources of CFG and Investors to create an even stronger and more diversified financial services company that is greater than the sum of its parts. Complementary geographies will provide entry into adjacent and familiar markets at scale. With a stronger branch base and brand reach, expanded product offerings, including with respect to commercial lending and fee opportunities and the addition of an attractive middle market/small business customer base following the Transaction, CFG will be better able to serve its customers and to compete for additional business. Moreover, the combined company will benefit from enhanced scale provided by the Transaction to support even greater resources for risk management, compliance, cybersecurity and technological development.

Upon completion of the Transaction, the combined company will also continue to benefit from the extension of CFG's robust and scalable risk management infrastructure. With a more diversified balance sheet, CFG will be more resilient with reduced risk and will have enhanced earnings- and capital-generating capacity. Each of CFG and Investors currently has effective liquidity risk management practices.

### 1. Capital Adequacy

As the Board has noted, "the Board considers capital adequacy to be especially important" in its evaluation of the financial factors.<sup>22</sup> Each of CFG and Investors maintains capital ratios significantly exceeding the well-capitalized standard.

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<sup>22</sup> Board Order Approving the Merger of Bank Holding Companies, BB&T Corporation (November 19, 2019) (the "BB&T Order") at 25; Board Order Approving the Acquisition of a Bank Holding Company, Chemical Financial Corporation (July 16, 2019) (the "Chemical Financial Order") at 7.

On a pro forma basis reflecting both the Transaction and the HSBC Branch Acquisition, as of June 30, 2021, CFG would maintain robust capital ratios significantly exceeding the well-capitalized standard—as demonstrated in Confidential Exhibit 1, following the Transaction, CFG’s CET1 regulatory capital ratio will be stable before and following the Transaction.

The Transaction was structured to ensure both that the pro forma capital ratios would be strong and that capital generation capabilities would be substantial. Approximately 90% of the Merger Consideration is to be paid in stock (based on the price of Investors Common Stock as of July 27, 2021) and Investors Options and Investors Restricted Shares are rolled over into CFG Options and CFG Restricted Shares instead of cashed out.

Further information on capital and other financial ratios for CFG and Investors on a historical basis, and for CFG on a pro forma basis (reflecting both the Transaction and the HSBC Branch Acquisition), is attached as Confidential Exhibit 1.

## 2. Earnings

Each of CFG and Investors currently has sound earnings. For the six months ended June 30, 2021, CFG had net income of approximately \$1.3 billion. During such period, Investors had net income of approximately \$152 million. Further, for the year ended December 31, 2020, CFG had net income of approximately \$1.1 billion. During such period, Investors had net income of approximately \$222 million.

The Transaction is expected to enhance CFG’s earnings potential by, among other things, creating efficiencies and expanding their footprint in attractive, high-growth markets. The increased earnings, in turn, create meaningful additional capital-raising capability. The complementary nature of CFG’s and Investors’ businesses will enable the combined company to provide expanded product offerings and invest in advanced technologies and innovation to deliver an enhanced client experience.

The Transaction is projected to be immediately accretive to CFG’s earnings per share (“EPS”) and is expected to add approximately 6.4% (\$0.31) to CFG’s fully-diluted EPS in 2023.<sup>23</sup> Further, the Transaction and the HSBC Branch Acquisition, together, are projected to add 8.8% to CFG’s fully-diluted EPS in 2023. The Transaction is projected to provide approximately \$130 million of fully-phased in annual cost savings, after provision for adding investments in brand marketing and technology capabilities. These accretion expectations do not include revenue synergies, which CFG believes will be meaningful.

## 3. Asset Quality

Each of CFG and Investors has strong asset quality and credit underwriting administration practices that are consistent with the Board’s approval of this Application—please

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<sup>23</sup> Press Release, Citizens Financial Group, Inc. Announces Agreement to Acquire Investors Bancorp, Inc. (July 28, 2021), available at <https://investor.citizensbank.com/about-us/newsroom/latest-news/2021/2021-07-28-111512138.aspx>.

refer to Confidential Exhibit 1 for historical and pro forma asset quality information. Although problem credits have inevitably increased as a consequence of the impact of the COVID-19 pandemic on the small- and mid-sized businesses and consumers that CFG and Investors serve, credit losses have been modest. In addition, both banks have created substantial additional reserves to cover future losses. As of June 30, 2021, CFG had a ratio of allowance for credit losses to loans and leases of 1.70%. As of June 30, 2021, Investors had a ratio of allowance for credit losses to loans and leases of 1.37%.

#### 4. Management

CFG has an experienced senior management team with a strong history of leading a regional bank and successfully executing and integrating transactions. Following the Transaction, CFG will continue to be led by a board of directors and senior management team with diverse banking expertise.

- *Boards of Directors*

CFG and Investors have agreed that (i) Kevin Cummings, the current Chairman & Chief Executive Officer and director of Investors, and (ii) Michele Siekerka, a current independent director of Investors, will each be added to the CFG Board and the CBNA Board.

Prior to the Effective Time, the CFG Board will take all actions necessary to appoint the Investors Designated Directors to the CFG Board and, upon such appointment, the Investors Designated Directors will also join the CBNA Board effective as of the Effective Time. Subject to the CFG Board's fiduciary duties to CFG stockholders, CFG will take all necessary action to nominate the Investors Designated Directors for election to the CFG Board in the proxy statement relating to the first annual meeting of the stockholders of CFG following the Effective Time.

The current directors of CFG and CBNA<sup>24</sup> are set forth below:

<b>Directors of CFG and CBNA</b>	
<b>Name</b>	<b>Principal Occupation</b>
Bruce Van Saun	Chairman and CEO, Citizens Financial Group, Inc.
Lee Alexander	Executive Vice President and Chief Information Officer, The Clearing House
Christine M. Cumming	Former First Vice President and COO, Federal Reserve Bank of New York
William P. Hankowsky	Former Chairman, President and CEO, Liberty Property Trust
Leo I. ("Lee") Higdon	Past President, Connecticut College
Edward J. ("Ned") Kelly III	Former Chairman, Institutional Clients Group, Citigroup, Inc.
Charles J. ("Bud") Koch	Former Chairman, President and CEO, Charter One Financial

<sup>24</sup> For information regarding the directors' share ownership in CFG, please refer to CFG's most recent Proxy Statement, filed with the SEC on March 5, 2021 and *available at* <https://www.sec.gov/Archives/edgar/data/0000759944/000119312521071641/d106430ddef14a.htm>.

Robert G. Leary	Former CEO, The Olayan Group
Terrance J. Lillis	Former CFO, Principal Financial Group, Inc.
Shivan Subramaniam	Former Chairman and CEO, FM Global
Christopher J. Swift	Chairman and CEO, The Hartford Financial Services Group, Inc.
Wendy A. Watson	Former Executive Vice President, Global Services, State Street Bank & Trust Company
Marita Zuraitis	Director, President and CEO, Horace Mann Educators Corporation

The current directors of Investors and Investors Bank<sup>25</sup> are set forth below:

<b>Directors of Investors and Investors Bank</b>	
<b>Name</b>	<b>Principal Occupation</b>
Kevin Cummings	Chairman and Chief Executive Officer of Investors and Investors Bank
Robert C. Albanese	Director, Former President and Chief Executive Officer of Pentegra Retirement Services
Dennis M. Bone	Director, Executive in Residence and an Advisory Board Member of the Feliciano School of Business at Montclair State University
Doreen R. Byrnes	Director, Former Executive Vice President of Human Resources of Investors Bancorp
Domenick A. Cama	Director, President and Chief Operating Officer of Investors and Investors Bank
William V. Cosgrove	Director, Former Non-Section 16 Officer of Investors Bank, Former President and Chief Executive Officer of Summit Federal Savings Bank
James J. Garibaldi	Director, Chief Executive Officer of The Garibaldi Group
Michele N. Siekerka	Director, President and CEO of New Jersey Business and Industry Association
Paul N. Stathoulopoulos	Director, Former Executive Vice President & Chief Operating Officer, President & Chief Executive Officer, and Chairman of the Board of Directors of Marathon National Bank of New York and Marathon Banking Corporation
James H. Ward III	Director, Former Chief Operating Officer of Rylyn Group
John E. Harmon Sr.	Director, Founder, President and CEO of the African-American Chamber of Commerce of New Jersey
Kim Wales	Director, Founder and Chief Executive Officer of CrowdBureau Corporation

<sup>25</sup> For information regarding the directors' share ownership in Investors, please refer to Investors' most recent Proxy Statement, filed with the SEC on April 15, 2021 and *available at* [https://www.sec.gov/Archives/edgar/data/0001594012/000156459021018979/isbc-def14a\\_20210525.htm](https://www.sec.gov/Archives/edgar/data/0001594012/000156459021018979/isbc-def14a_20210525.htm).

- *Officers*

As of the date of this Application, there are no anticipated changes to the CFG and CBNA Management Executive Committee as a result of the Transaction.

Effective as of the Effective Time, and subject to such person's compliance with the terms of their applicable employment agreement, (i) Domenick A. Cama, the current President & Chief Operating Officer of Investors, will serve as the Co-Head of Integration, NYC Metro President for CBNA and (ii) Richard S. Spengler, the current Senior Executive Vice President & Chief Lending Officer of Investors, will serve as Executive Vice President, Commercial Banking for CBNA.

- *Integration Planning and Experience*

CFG and Investors are keenly aware of the importance of an effective integration and will make every effort to ensure that the integration of the two companies and their subsidiary banks (as well as the integration of the branches to be acquired by CBNA in the HSBC Branch Acquisition) will be well planned and effectively managed and implemented. In all events, a strong customer and employee experience will be effectively balanced against the speed of the integration. In addition, as described below, members of the executive management teams of both companies have extensive personal experience in merger integration activities of whole bank acquisitions, ranging in size from community banks to large regional banks.

CFG has established an enterprise-wide integration management office (the "Integration Management Office") to lead the integration efforts for both the HSBC Branch Acquisition and the Transaction. Maintaining one cohesive and overarching integration management office will ensure that insights gained through the CFG team's management of the HSBC Branch Acquisition are applied to the Transaction, resulting in a more holistic, efficient and streamlined integration process for overlapping functional and business areas present in both the Investors and HSBC transactions—for example, leveraging the institutional know-how and experience with respect to product mapping, systems testing, technology/infrastructure build-outs, compliance delta analyses, internal accounting exercises completed for the HSBC Branch Acquisition for purposes of the Investors' integration.

To enable effective oversight of the integration workstreams and to ensure that real-time integration data and developments reach the highest levels of CFG's executive team, the Integration Management Office will be overseen by an Integration Executive Steering Committee, which will be chaired by John Woods, CFG's Chief Financial Officer, and include as members a subset of CFG's Executive Committee (e.g., CFG's Chief Risk Officer, Head of Consumer Banking, Head of Commercial Banking, etc.). Representatives of Investors will have key leadership roles within the Integration Management Office to ensure effective communication with, and delivery of integration-related activities by, the Investors team—

- Domenick Cama, Investors' current President & Chief Operating Officer, will serve as a co-head of the Integration Management Office alongside CBNA's Head of Business Services, Mary Ellen Baker;

- Dorian Hansen, Investors' Chief Marketing Officer and Head of Operations & Digital Transformation, will serve as a co-director of the Integration Management Office, alongside CBNA's Integration Management Office Director, Jennifer Lund;
- Jawad Chaudhry, Investors' Head of Corporate Finance and Strategy, will serve as the co-lead of the Integration Management Office Financial and Value Capture function, alongside Brian Kane, one of CBNA's Corporate Strategy Managers; and
- Both the Integration Management Office Delivery co-directors and Integration Management Office Financial and Value Capture co-leads will report to the Integration Management Office co-heads on the overall progress of integration delivery activities and the financial / value capture, respectively.

The integration management structure also includes other senior management forums and delivery teams critical to a successful integration effort:

- a CFG Stakeholder Forum, which will serve as an extension of the Integration Management Office where different members of CFG's and CBNA's executive and senior management teams, beyond members of the Executive Steering Committee, will be able to raise questions relating to, and provide feedback on, the different integration activities related to their lines of business and oversight;
- Joint Executive Working Groups for each of the HSBC Branch Acquisition and Transaction, which will serve as an extension of the Integration Management Office where key leaders for each respective integration will meet to update each other on relevant activities, as well as coordinate and drive alignment on joint integration efforts;
- Enterprise Functional Leads that will provide enterprise-level guidance and oversight of key functional activities (e.g., Customer Experience, Colleague Experience, Risk and Change Management, Conversion Management, etc.) covering both the HSBC Branch Acquisition and Transaction across all Lines of Business and Corporate Functions leveraging a matrixed delivery structure;
- Line of Business and Corporate Function Integration Management Leads, which will consist of the leadership and day-to-day management of the integration delivery teams for both the HSBC Branch Acquisition and Transaction across a number of functional area workstreams divided into three main groups: (1) Consumer Banking (e.g., including workstreams for integration activities related to Retail Banking, Home Equity/Mortgage, Wealth Operations, Branch and ATM Operations, Digital & Customer Experience, etc.), (2) Commercial Banking (e.g., including subgroups for integration activities related to Commercial Real Estate, Treasury Solutions, Underwriting, etc.), and (3) Corporate Functions (e.g., including workstreams for integration activities related to Risk, Compliance & Legal, Controllers & Tax, Technology, Procurement, Corporate Security and Resilience, etc.);

- Oversight of the activities of the Integration Management Office from independent second line of defense and Internal Audit teams to ensure that compliance and risk management factors into the integration discussions and plans; and
- In addition, the Integration Management Office will be supported by experienced consultants, such as Accenture, that have worked on recent large bank merger transactions.

Further details relating to the Integration Management Office's structure and anticipated timing of integration with respect to the Transaction is included as Confidential Exhibit 6.

Apart from building a robust joint integration management office for purposes of this Transaction as described above, the management teams of CFG and Investors, are confident that their prior extensive experience in integrating strategic acquisitions will lead to a smooth transition for both internal teams and customer / other external stakeholders upon Closing and thereafter. CFG has a long history of successful integration efforts. For example, in September 2014, CFG announced the launch of an initial public offering with full divestiture from its former parent company, the Royal Bank of Scotland Group plc, which divestiture was ultimately achieved by November 2015—one year ahead of schedule. In addition, over the past three years, CFG has also had a number of successful acquisition-related integrations, such as in connection with CBNA's acquisition of certain assets of Franklin American Mortgage Company, including a sizable mortgage servicing portfolio, and of Clarfeld Financial Advisors, LLC, a leading wealth management firm and multi-family office with specialized expertise in managing the financial affairs of high net worth and ultra-high net worth clients, their families and related entities. Moreover, in January 2019, CFG also successfully completed the merger of Citizens Bank of Pennsylvania with and into CBNA. CFG merged its banking subsidiaries in order to streamline governance and enterprise risk management, improve CBNA's risk profile and gain operational efficiencies.

These successful integration efforts were a direct result of the expertise and vast experience of the resources aligned to this work, along with a relentless focus on customer experience. In connection with the Investors integration, CFG remains committed to strong risk and compliance management throughout the integration process, with independent second line of defense challenge and continuous monitoring of the overall process by CFG's independent internal audit function.

In addition, Investors and Investors Bank have a history of successfully integrated acquisitions. Most recent examples are the successful integration of the 2020 acquisition of Gold Coast Bancorp, Inc. and its subsidiary bank, Gold Coast Bank (Islandia, New York), and the ongoing integration of six New Jersey branches and two Pennsylvania branches acquired from Berkshire Bank, Pittsfield, MA on August 27, 2021.

Accordingly, CFG believes that it has the necessary skill and experience to integrate and operate Investors as well as the branches to be acquired by CBNA in the HSBC Branch Acquisition in a safe and sound manner post-Transaction. The experienced management and employees of CFG and Investors will work together to execute a seamless integration process. A



presentation outlining the integration planning governance structure and anticipating timing is included as Confidential Exhibit 6.

To assist in the integration planning process, CFG has conducted extensive initial due diligence. A description of the due diligence process followed by CFG is attached as Confidential Exhibit 5.

CFG and Investors will also take steps to ensure that, following the Closing, the combined company will continue to have appropriate leadership and staffing to continue providing a high level of service to all customers, operating in a safe and sound manner, and maintaining the effectiveness of their business activities and operations. For example, pursuant to the Merger Agreement, for a period of one year following the Closing, CFG will provide to employees of Investors and its subsidiaries with (i) base salary or base wage no less than that provided by Investors immediately prior to the Effective Time, (ii) target annual cash bonus opportunities no less favorable than that provided by Investors immediately prior to the Effective Time and (iii) employee benefits (other than defined benefit plan benefits, employee stock ownership plan opportunities, change in control benefits and equity-based incentive opportunities) substantially comparable in the aggregate either to those provided by Investors immediately prior to the Effective Time or to similarly situated employees of CFG. This is intended to retain key senior leaders and critical contributors following the Transaction to ensure an effective integration and the success of CFG following the Closing.

In connection with the execution of the Merger Agreement, Investors entered into a Non-Competition and Non-Solicitation Agreement with Kevin Cummings (the “Restrictive Covenant Agreement”), to be effective as of the Closing and for the benefit of Investors. The Restrictive Covenant Agreement is time-limited and limited in geographic scope.<sup>26</sup>

## 5. Risk Management

- *Enterprise-wide Risk Management*

CFG currently has, and is committed to maintaining post-Transaction, a strong corporate governance framework established by the CFG Board and an integrated, proactive and consistent approach to the management of all risks to which its businesses are exposed in pursuit of commercial objectives. CFG believes that robust corporate governance is essential to ensuring sound decision making, achieving and maintaining an effective enterprise-wide risk management and control framework, and fostering a culture of individual and collective responsibility. CFG believes that strong corporate governance requires going beyond compliance to create a culture of ethics and transparency at all levels within CFG, which promotes the long-term interests of the overall organization and earns the trust of customers, colleagues, communities, investors, regulatory agencies and other stakeholders.

In line with this commitment and in support of informed risk taking and the promotion of risk awareness, CFG has established the Enterprise Risk Management Governance

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<sup>26</sup> For additional information, see Investors’ Form 8-K dated July 30, 2021, available at <https://www.sec.gov/ix?doc=/Archives/edgar/data/1594012/000119312521231659/d164917d8k.htm>.

Framework (the “CFG Enterprise-Wide Risk Framework”), which defines an integrated enterprise-wide approach to risk management, based on the standards prescribed for the design and implementation of the Framework as set forth in the OCC’s Guidelines Establishing Heightened Standards for Certain Large Insured National Banks (the “OCC’s Heightened Standards”), Insured Federal Savings Associations, and Insured Federal Branches and the Board’s Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations. The policies, programs, frameworks and procedures incorporated within the CFG Enterprise-Wide Risk Framework set forth the governance model that operates within CFG and specifically outline the: (i) organizational and governance frameworks of CFG and CBNA; (ii) the responsibilities of the CFG and CBNA Boards, executive officers, colleagues and oversight committees with respect to governance, supervision and internal control systems; and (iii) the controls in place to support effective governance, supervision and risk management. The CFG Enterprise-Wide Risk Framework represents the minimum standards for risk governance at CFG, and covers the following risk categories: (a) Credit Risk; (b) Interest Rate Risk; (c) Liquidity Risk; (d) Price Risk; (e) Operational Risk; (f) Security; (g) Fraud and Financial Crimes Risk; (h) Technology Risk; (i) Compliance Risk; (j) Strategic Risk; (k) and Reputation Risk. The effectiveness of the CFG Enterprise-Wide Risk Framework is evaluated by CFG’s Internal Audit function and the CFG Board Risk Committee on a periodic basis.

In addition, CFG maintains one strategic plan, risk management philosophy and comprehensive Risk Appetite Statement, all of which apply to both CFG and CBNA, and will apply to the combined firm post-Transaction. The majority of products and services are offered through CBNA and one management team oversees the operations of both entities. This management team includes but is not limited to one Chief Executive Officer, one Chief Risk Officer, one Chief Financial Officer and one Chief Audit Executive, all fulfilling the same role and duties for both CFG and CBNA. Following the Closing, the CFG Enterprise-Wide Risk Framework will remain in place, and CFG plans to apply its enterprise-wide risk management approaches to the business units and teams and products and services to be integrated as a result of the Transaction. The risks at Investors are generally similar to those at CFG, and therefore CFG has experience in managing those risks and will have post-Transaction risk management program, governance and controls that comply with the regulatory and supervisory expectations of its prudential regulators. Moreover, the Risk Division of the combined firm will continue to be led by the Chief Risk Officer of CFG, Malcolm Griggs.

- *Internal Audit and Credit Quality Assurance*

CFG has a robust internal audit function (“Internal Audit”) that provides the CFG Board, Audit Committee, and executive management team with independent and objective assurance on the quality and effectiveness of the firm’s governance, risk management, culture and internal controls to ensure that risk is managed appropriately for the size, complexity, and risk profile of the CFG organization. The Chief Audit Executive reports directly to the Chairman of the Audit Committees, with an administrative reporting line to CFG’s Chief Executive Officer. Upon the Closing of the Transaction, CFG’s Internal Audit will continue to serve as the third line of defense for the combined organization and to be led by CFG’s Chief Audit Executive, Jason Towne.

The Chief Audit Executive also has administrative oversight of Credit Quality

Assurance (“CQA”), which provides independent and objective monitoring and assurance to the CFG Board and executive management team on the firm’s lending and credit activities, including the quality of the CFG’s portfolios and the effectiveness of credit processes, governance and risk management. The CQA function undertakes a program of portfolio testing, assessing and reporting. As with the Chief Audit Executive, the head of CQA reports directly to the Audit Committee of the CFG Board. CFG will maintain this structure post-Transaction and the CQA function will report on the combined portfolio on a periodic basis to the stakeholders described above.

- *Compliance Risk Management*

CFG maintains robust compliance risk management programs (the “CFG Compliance Risk Management Program”) that facilitate a strong compliance culture and adherence to all applicable laws, regulations, and supervisory guidance, while applying the highest ethical standards in a manner that is understood by internal colleagues and puts CFG’s customers’ interests first in order to provide the best possible customer experience. The CFG Compliance Risk Management Program is comprised of six core elements: (i) Governance & Culture; (ii) Policies and Procedures; (iii) Compliance Management Processes; (iv) People and Skills (Training); (v) Monitoring, Testing, Complaints and Corrective Action; and (v) Information Technology and Reporting. The CFG Compliance Risk Management Program meets the expectations of the Board’s supervisory letter SR 08-8 and the OCC’s Heightened Standards, and establishes the framework for identifying, assessing, controlling, measuring, monitoring and reporting compliance risks across the enterprise. The framework is built on three lines of defense for effective compliance risk management: (a) the first line is represented by the lines of business managing risks at the business unit level in pursuit of CFG’s business objectives; (b) the second line is the Independent Risk Management function, which supports the front line by providing risk management tools, policies, aggregating material risks, and independent oversight; and (c) the third line is Internal Audit, which provides independent assurance on the quality and effectiveness of risk governance, risk management and internal controls as described above. The Chief Compliance Officer oversees the CFG Compliance Risk Management Program and has the authority and independence to directly access the CFG Board and management team to enable the Compliance function to carry out its responsibilities.

Compliance risk management will be one of the key focus areas of the Integration Management Office with oversight from the Integration Executive Steering Committee to ensure that the business unit- and enterprise-wide level compliance risk management transition is seamless for both internal stakeholders and the customers of the combined organization’s products and services.

- *Information security risk management*

CFG has deployed strong cyber risk identification, monitoring, and control strategies in connection with its information security program and intends to continue applying to the combined firm. Following the Closing of the Transaction, the information security, disaster recovery and business continuity, and fraud-risk oversight functions of Investors will be onboarded and integrated onto CFG’s corresponding systems for consistent monitoring, testing, training and auditing purposes. CFG will leverage its conversion experience in connection with the HSBC

Branch Acquisition and familiarity with Investors' core banking systems service provider to ensure a smooth data conversion process. Securing and protecting customer, client, employee and company information is of the utmost importance to CFG and developing an effective conversion and integration plan on this front will be one of the priorities of the Integration Management Office.

- *Customer Complaint Management*

CFG and Investors maintain customer complaint management programs that facilitate prompt and accurate responses to customer complaints, including in accordance with prescribed regulatory timelines where applicable. The customer complaint management programs established by both firms are very similar to one another, and CFG expects the integration of this risk management function to occur smoothly upon the Closing and the conversion of the bank subsidiaries.

Both CFG and Investors receive customer complaints through various channels, including directly from regulatory agencies as well as through in person customer interactions, letters, calls and emails submitted to client care centers, retail branches, commercial and business banking, social media and customer surveys. Both firms maintain a customer complaint program to oversee that CFG and its third-party service providers treat customers fairly when dealing with customer dissatisfaction and respond promptly and properly to customers. In particular, CFG's customer complaint management program requires business lines to: (i) resolve expressions of dissatisfaction promptly, consistently and fairly; (ii) meet any relevant legal or regulatory requirement concerning the handling of expressions of dissatisfaction; (iii) ensure that any regulatory changes are incorporated into local procedures and processes; and (iv) use data to identify and correct causes of expressions of dissatisfaction to improve products, processes, systems, services, policies and procedures.

CFG's Compliance and Independent Risk Oversight functions have the responsibility to oversee, advise, and challenge the front line to ensure adherence to the customer complaint management program's requirements and that regulatory risks are effectively identified, assessed and managed. In addition, both firms have customer complaint tracking and recording systems and controls in place to ensure that responses to customers are reviewed and approved by Compliance and Legal personnel, as appropriate, prior to issuance to the customer. Following the Closing, the Compliance function of CFG will report on customer complaint data to its respective boards of directors and relevant committees on a periodic basis, which is the same approach currently used by Investors. Moreover, as is currently the case, Post-Transaction CFG will continue to identify trends, issues, training opportunities and enhancements that can be made to the customer complaint management program to align with supervisory expectations and incorporate industry best practices.

- *Management of COVID-19 Impacts*

CFG. Throughout the COVID-19 pandemic, CFG has taken and will continue to take necessary precautions to keep its customers, employees and communities safe. For its customers, CFG understands certain borrowers have been and will continue to be unable to meet certain contractual payment obligations. To that end, CFG has been and will continue to provide support, advice and guidance to its customers during such unprecedented and difficult times.

For example, CBNA's Consumer Banking business provided vital branch services safely and with minimal disruption and offered loan forbearance to customers. Beginning in March 2020 and through December 31, 2020, CBNA granted payment forbearance relief to approximately 159,000 retail customers representing approximately 8% of the retail loan portfolio. At June 30, 2021, loans remaining in forbearance had decreased to approximately 2.3%. CBNA's Commercial Banking team has also worked with clients on loan modifications and securing additional liquidity, while maintaining top-of-peer satisfaction ratings. Such loan modifications include extending the terms of customer mortgages and auto loans to those customers will not be responsible for payments immediately following the exit of their forbearance. CBNA also granted payment deferrals to approximately 490 commercial clients on loans totaling approximately \$3.2 billion from March 2020 through December 31, 2020. As of June 30, 2021, this decreased to four commercial clients with deferrals on approximately \$88 million of loans.

CFG has offered further assistance to customers by, among other things, (i) offering fee waivers (ii) suspending foreclosures and repossessions, negative credit reporting, and wage garnishments; and (iii) proactively reaching out to customers nearing the end of their first round of forbearance to determine if additional assistance would be helpful. Through CBNA, CFG has also provided relief to customers through the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"), delivering approximately \$6.8 billion of loans to small and medium-sized business clients with an average loan size of approximately \$98,000. Approximately 84% of the loans were under \$100,000, and 93% of the loans were to businesses with fewer than 25 employees supporting over 540,000 jobs. As of June 30, 2021, approximately \$3.3 billion of those loans have been forgiven by the SBA.

CFG is equally as dedicated to its employees, including their physical, financial, and mental wellness. In addition to ensuring its employees had the necessary tools and resources to continue to serve its customers safely, CFG shifted approximately 10,000 of its employees to a work from home environment and implemented several programs to support their wellness and their ability to maintain work-life balance. Some of the actions taken to support employees include providing additional paid time off for all employees, providing premium pay to employees serving customers in the branch or office, making changes for production-based incentive plans to address lower production, providing mental health and parental resources, and enhancing recognition awards. CFG has successfully deployed employees into new roles across the organization to meet pandemic-driven demands and is committed to attracting and developing high caliber talent to meet its future needs.

For its communities, CFG has focused on promoting social equity and advancing economic opportunity in underserved communities. In 2020, CFG launched a \$5 million initiative in support of minority-owned small business, and followed that up with a \$10 million commitment for grants and charitable support for immediate and longer-term initiatives aimed at supporting minority-owned small businesses, increasing awareness of racial disparities, and supporting underserved communities through technology, education and digital literacy initiatives. CFG also committed to provide more than \$500 million in incremental financing and capital for small businesses, housing, and other development in predominately minority communities. In addition, CFG employees achieved meaningful volunteer hour contributions supporting community-based organizations in spite of the restrictive COVID-19 environment.

In addition to prioritizing the health and safety of CFG's employees, customers and communities, CFG has also been committed to protecting its own financial stability and has re-evaluated its risk management policies and procedures so it may adjust to the challenges brought on by COVID-19. To that end, in March 2020, CFG developed a risk assessment (the "Risk Assessment") that identified both existing and emerging risks, such as macro-economic changes, resource reallocation to support the execution of CFG's customer assistance and Return to Office plans, the heightened external cyber and fraud threat landscape and occurrence of COVID-19 related-scams and challenges to third parties' service levels and financial performance. As part of the Risk Assessment, a process was instituted that allowed for CFG divisions to assess areas of existing and emerging risk within their areas and supply this information to a coordination point in the Non-Financial Risk Management department of CFG where aggregation, analysis, challenge, risk correlation, governance and escalation occurred. Additional actions that CFG could take were identified and implemented as part of this process, including process/control enhancements to remote activities traditionally performed onsite, and reporting enhancements to ensure proper traceability of PPP loans. Risk Assessment updates were shared regularly with executive governance committees, including CFG's Executive Risk Committee and the Compliance and Operational Risk Committee.

*Investors.* Investors continues to monitor developments related to COVID-19, including, but not limited to, the impact on its employees, customers, communities, and results of operations. During the first quarter of 2020, the majority of Investors' corporate workforce had transitioned to working remotely. Also during that time, Investors Bank successfully transitioned to a "limited service" branch model, including drive-thru operations and ATM services, as well as in-branch services available by appointment only. During the second quarter of 2020, all Investors Bank branches resumed normal operating hours and all lobbies re-opened for its clients. In addition, a portion of its corporate workforce returned to the corporate offices in some capacity, while the remainder continue to effectively work remotely. Proper protocols were put in place in both Investors Bank branches and Investors' corporate offices to ensure the continued safety of its employees and customers.

Investors established a proactive response to the escalating COVID-19 outbreak in its communities. Such response included enhanced employee and customer communication and the provision evolving safety standards and guidance from the Centers for Disease Control and Prevention and state and local governmental agencies, as well as Investors workplace guidelines for customer and noncustomer environments. In addition, updated information was (and continues to be) shared through regular emails and other digital communications with Investors Bank employees and customers who are facing financial hardship due to the COVID-19 pandemic. Investors Bank remained open so it could provide banking services to its communities, but took additional actions to increase employee and customer safety, such as adjusting its branch hours and lobby usage. However, Investors allowed a portion of its employees to work remotely during most of the pandemic, consistent with state and local requirements. It also has monitored its communities and markets for resurgences or regressions of COVID-19, and adjusted branch access accordingly. Investors continues to follow and adhere to state and local restrictions related to COVID-19 to the extent applicable so it may help ensure the safety of its employees, customers and other third parties. Investors Bank's branches continue to be open and will continue to provide deposit, lending and other banking services. Moreover, its mobile and online banking networks are continuously available for digital banking transactions.



With respect to the COVID-19 impact on Investors' business and results of operation, although the pandemic presented challenges to the U.S. economy overall and the communities Investors serves, Investors' strong liquidity and capital adequacy positions, and risk management program has enabled it to maintain economic stability throughout the pandemic. Regarding adjustments to Investors Bank's products and services, during the COVID-19 pandemic Investors Bank began to offer increased mobile deposit limits and increased customer support through its call center to further support customers. It continued to focus on digital transformation and implementation of online account opening during 2020, which also benefited its customers. Investors also waived and reduced certain fees during the early stages of the COVID-19 pandemic, and through Investors Bank participated in government-sponsored programs including the Paycheck Protection Program ("PPP") and the Main Street Lending Program. In 2020, Investors Bank originated approximately \$335 million of PPP loans. During 2021, Investors Bank did not originate any new PPP loans, but rather referred customers seeking a new PPP loan to an affiliate of the purchaser of the 2020 PPP loans. Investors Bank will continue to support its customers to ensure they are able to participate in government-sponsored economic relief programs.

In addition, as a result of the pandemic, certain borrowers have been and still are unable to meet their contractual payment obligations. In an effort to mitigate these effects, Investors Bank has worked with its customers and offered them short-term modifications in the form of a deferral of payment (or a portion thereof). In the absence of other intervening factors, such short-term modifications or deferrals made on a good faith basis are not categorized as troubled debt restructurings in accordance with the Coronavirus Aid, Relief, and Economic Security Act, as amended (the "CARES Act"). Apart from these grants of deferral, Investors Bank has also worked diligently with its customers to ensure a return to current payment status for a significant portion of its clients who have ended their deferral period. As of June 30, 2021, COVID-19 related loan deferrals totaled \$599 million, or 2.8% of loans, compared to \$693 million, or 3.3% of loans, as of March 31, 2021. Approximately 87% of borrowers with a loan payment deferral are making interest payments and deferring only principal.

Investors has continued to provide support to its communities through grants from the Investors Foundation, as well as through the actions of its employees. Most notably, the Investors Foundation granted \$100,000 to Stony Brook University Hospital Foundation on Long Island to support its treatment of patients suffering from COVID-19 and will be providing a grant to a regional hospital to establish the Investors Bank Post-COVID Care Center to serve as both a clinical and research-based facility to support and treat post-COVID patients. The Investors Foundation made grants of approximately \$4 million during 2020. In addition, Investors employees have provided meals and other support to healthcare workers and their families through the New York metro area.

- *LIBOR Transition Planning*

In 2017, the Chief Executive of the U.K. Financial Conduct Authority ("FCA") announced that the FCA intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. Since then, the financial industry has been working towards the transition away from LIBOR to alternative reference rates ("ARR"). On November 30, 2020, the ICE Benchmark Administration ("IBA"), the authorized administrator of LIBOR regulated by the U.K. FCA, announced a proposal that, if adopted, would result in the cessation of one-week and

two-month U.S. dollar LIBOR as previously anticipated at the end of 2021, while extending the publication of the other tenors of U.S. dollar LIBOR until June 30, 2023. While this proposal has received support from both U.K. and U.S. regulators, the U.S. regulators are encouraging banks to stop entering into new U.S. dollar LIBOR contracts as soon as practicable and not later than December 31, 2021. The combination of the IBA proposal and the U.S. official sector guidance would continue to facilitate the transition away from LIBOR for new originations by the end of 2021 while enabling more legacy contracts to mature before the final LIBOR cessation date of June 30, 2023. As a result, both CFG and Investors have undertaken efforts to transition away from the use of LIBOR, each of which are described below.

*CFG.* The LIBOR transition program for CFG is being led through CBNA. CBNA launched a formal LIBOR Transition Program (the “CBNA LIBOR Program”) in late 2018 to guide the company through the transition from LIBOR to one or more ARRs while simultaneously managing the strategic, operational, and financial implications of the transition and the potential client impact. The CBNA LIBOR Program consists of four core delivery teams divided by line-of-business: Commercial, Consumer, Treasury and Contracts Analytics. Supporting the four core delivery teams are networks comprised of subject matter experts with operations, legal, risk, information technology, and finance expertise, as well as customer-facing colleagues from across CBNA.

Upon commencement of the CBNA LIBOR Program, CBNA conducted an impact assessment to identify all areas that would likely be impacted by the LIBOR transition. This assessment identified where LIBOR-related products, systems, models, policies, and procedures existed. CBNA used the assessment results to develop a robust transition roadmap and an implementation plan, which continues to evolve, based on market and regulatory developments.

The CBNA LIBOR Program follows a well-defined governance process, and is overseen by a centralized LIBOR Transition Office. CBNA’s Chief Financial Officer currently serves as Executive Sponsor of the CBNA LIBOR Program. The LIBOR Transition Office meets quarterly with the CBNA Board and its Asset Liability Committee to present market and regulatory updates applicable to the LIBOR transition, as well as an overall update regarding the status of internal transition efforts. The LIBOR Transition Office also presents monthly to the Executive Action Team (“EAT”), which is the official governing body of the CBNA LIBOR Program. The EAT is comprised of senior and executive level management, with representation from across the organization.

Two CBNA working groups, the Risk Working Group and the Communications Working Group, meet regularly to assess ongoing workstreams associated with the LIBOR transition. The Risk Working Group meets quarterly to review the risks identified in the eight Level 1 risk categories, as defined by the OCC. These eight categories include: Compliance, Credit, Interest Rate, Liquidity, Market, Price, Reputation, and Strategic. Once such risks have been identified, the Risk Working Group develops and explores actions that can be taken to mitigate such risks. The Communications Working Group meets at a minimum monthly to review CBNA’s communications plan for the LIBOR transition. The Communications Working Group consists of representatives from the Commercial, Consumer, and Treasury lines of business, the LIBOR Transition Office, and the Strategic Communications team. In addition to reviewing the current communications plan, the Communications Working Group reviews internal and external



stakeholder communications, strategizes on upcoming initiatives, and reviews recent market and regulatory developments to ascertain the potential impact and make any necessary changes to the communications plan.

On a quarterly basis, the LIBOR Transition Office meets with federal regulatory agencies to provide an update on the CBNA LIBOR Program. These meetings include representatives from various CBNA business segments, including Commercial, Consumer, Treasury, Technology, Operations, Risk, Legal, and Audit, as well as attendees from the OCC, the Federal Reserve, the Consumer Financial Protection Bureau, and the Federal Deposit Insurance Corporation. In addition to providing a general CBNA LIBOR Program update, the CBNA federal agency representatives typically discuss market and regulatory developments and their impact on the CBNA LIBOR Program, and any strategic initiatives or material changes to the CBNA LIBOR Program.

While considering corporate guidelines, financial implications, and regulatory guidance in respect of the LIBOR transition, each line of business with LIBOR-related products has selected or will select an ARR for use with both new and legacy products or contracts. Additionally, each line of business with LIBOR-related products must analyze, then replace or remediate legacy LIBOR-related products and contracts, develop and deliver associated internal and external communications, and the define and implement required system, model, and process changes.

Key LIBOR transition efforts ongoing throughout 2021, include:

- Upgrading standard form provisions and issuing implementing guidance to require use of reference rate fallback language in any new and existing LIBOR contracts in connection with contract amendments made in the ordinary course;
- Launching new product issuances with ARRs;
  - For new mortgage product issues, CBNA has adhered to Fannie Mae and Freddie Mac guidance and is offering Secured Overnight Financing Rate (“SOFR”)-based adjustable-rate mortgages.
- Completing operational readiness of systems, models, and End-User Developed Applications to handle all potential ARRs;
- Remediating legacy contracts that reference non-USD LIBOR in preparation for the December 31, 2021 cessation of LIBOR quotations for non-USD currencies;
- Continuing to develop and enhance internal and external communications about the LIBOR transition, including the launch of internet and intranet sites, along with preparing colleagues for correspondence with clients;

- Monitoring the development and market adoption of SOFR-based rates (including the recently recommended CME Term SOFR) and/or credit sensitive rate alternatives; and
- Participating in industry and ARR Committee (“ARRC”) working groups to understand market developments and maintain a current perspective to guide internal strategic considerations.

Overall, the CBNA LIBOR Program remains robust. Management continues to closely monitor industry and regulatory developments pertaining to this transition and the efforts described above evidence that progress is on track. In addition, CBNA is on track with respect to the ARR transition of its front book by January 2022.

*Investors.* The LIBOR transition program for Investors is being led through Investors Bank. During 2019, Investors Bank established a LIBOR Transition Working Group (the “Investors Working Group”) to oversee the Investors Bank LIBOR transition program (the “Investors LIBOR Program”). The Investors Working Group includes representatives from each of Investors Bank’s lending groups (Residential/Consumer Lending; Commercial Banking; and Commercial Real Estate) along with representatives from all impacted groups/functions including Compliance, Legal, Treasury, Credit Risk, Operational Risk, Accounting, Operations and Marketing. A project manager has been engaged to assist in managing the Investors LIBOR Program and ensure proper tracking and reporting of the Investors Working Group’s progress. The Investors Working Group meets on a biweekly basis and individual Investors LIBOR Program workstreams meet on an ad hoc, as-needed basis to ensure that the project milestones are completed in a timely manner.

The initial task undertaken by Investors Bank was to inventory its exposure to LIBOR and obtain and evaluate the documents which govern Investors Bank’s exposure. In businesses where Investors Bank was continuing to use LIBOR as an index for new transactions, form documents were updated to include fallback language consistent with market practice and the early recommendations of the ARRC. For existing transactions, LIBOR fallback language (if any) was inventoried for each transaction governed by a LIBOR index. A process was developed to capture and track new transactions to keep the inventory current.

The Investors LIBOR Program is organized by product type and separate workstreams have been developed for each product. More specifically, the program is organized by the following products: (i) Commercial Lending; (ii) Consumer/Residential Lending; (iii) Swaps; (iv) Investments; and (v) Corporate Deposit Accounts. Each workstream focuses on transition activities and issues particular to their respective product type, and all workstreams each address certain baseline transition activities and issues related to (a) compliance/legal; (b) business and operational transitioning (e.g., systems modifications and process changes); (c) accounting and external reporting; (d) marketing and customer communications; and (e) financial modeling. Any items identified through the workstreams requiring a decision are presented to members of Investors Bank’s Executive Management Committee (or a subset of the committee), and reports on progress of the Investors LIBOR Program are made to Investors Bank’s Management Risk Committee and the Risk Oversight Committee of its board of directors on a quarterly basis.

The current emphasis of the Investors LIBOR Program is on ensuring that systems and processes have been modified to permit an alternate index upon the transition from LIBOR. As part of that process, Investors Bank continues to work with its platform providers to update its lending platforms to allow for alternative rates, including SOFR. Investors Bank has not yet made a determination of which rate or rates to which LIBOR-based loans will convert other than loans which also have a related swap, which will use SOFR so as to match the rate used for the related swap. Investors Bank is on track, however, with respect to the ARR transition of its front book by January 2022. Investors and CFG teams will further discuss and align as needed as part of integration planning and preparing for the conversion of the two banks.

## 6. Environmental, Social and Governance Efforts

*CFG.* CFG is deeply committed to furthering environmental, social and governance (“ESG”) initiatives in the communities it serves, which commitment is evidenced in part by the overall “Outstanding” rating of CBNA’s CRA program for each of the past two examination cycles, as described in further detail below. Particularly with respect to social efforts, CFG has dedicated significant resources to support diversity and social equity causes in their communities, including by serving as a key partner and ally to a number of national and local organizations focused on driving social equity and economic advancement in underserved communities. For example, CFG has committed to \$500,000 over two years (2020 and 2021) to five national organizations, including 100 Black Men of America, United Negro College Fund, the Posse Foundation, the NAACP Legal Defense and Education Fund and the National Urban League. With respect to local organizations, in 2020 CFG provided approximately \$500,000 of funding to support social equity programming of two dozen local partners across its footprint that serve at least a 50% Black population. In addition, to further diversity and social equity efforts within Black and Latinx communities, CFG has made a \$10 million commitment to promote social equity and to increase lending and investment in majority minority census tracts by \$500 million in additional loans and investments to assist further development within those communities with small business financing and housing initiatives. These contributions have allowed CFG to invest in and give grants to minority-owned businesses, build awareness of racism and discrimination, and support community programs to foster education and digital literacy. For example, through its Community and Small Business Champion Awards Programs, CFG promotes community-based organizations and small businesses that provide support and services in the diverse communities across its footprint. Several awards programs help deliver on this commitment—the Champions in Action Program highlights nonprofits in CFG’s footprint that help support diversity, equity and inclusion efforts for these communities, and its Small Business Community Champion Program winners also include minority-owned and women-owned businesses in CFG’s footprint that make a positive impact on the well-being of diverse individuals in the communities where they live and work.

CFG also believes that creating access to capital and improving the capabilities and opportunities in underserved communities is key to sustainable change. In furtherance of this belief, CFG has:

- Provided \$23.5 million in capital to seven Community Development Financial Institutions (“CDFIs”) and non-profit economic development organizations to help meet the financial needs of Black and minority-owned businesses

- Extended \$1.3 billion in financing to residents in diverse neighborhoods that CFG serves to help these neighbors gain access to needed capital to pursue their personal and professional goals;
- Augmented its capital commitment in key areas, such as housing development, where CFG recently doubled its commitment for a total of \$300 million by 2025—for example, investing through its Housing Opportunity Fund, CFG has committed approximately \$8.3 million to Oxford Land Family Housing in Providence, RI to ensure free access to Wi-Fi for the 50 units of development; and
- Participated in two Federal Home Loan Bank of Boston down-payment assistance programs to provide access to capital for LMI borrowers, awarding the maximum allocation of \$250,000 in CBNA Closing Cost Assistance for qualified borrows in six New England states.

Apart from committing resources to promoting diversity, social equity and inclusion (“DE&I”) to external partners, CFG has also made a number of changes within its organization to alter mindsets, behaviors, and practices to build empathy and ensure its workforce reflects the diversity of the communities it serves. Some of the key internal initiatives include:

- Committing to an 18% year-over-year increase of CFG’s diverse employee candidate slate;
- Promoting diversity at the board-level—53% of CFG’s current directors represent diverse groups (three women, two people of color and two veterans);
- Expanding recruiting efforts with historically black colleges and universities;
- Creating and filling key organizational roles to advance DE&I efforts;
- Offering expert-led workshops and sessions to address systemic race issues and identify ways to create inclusion and equity in workplace systems, processes, and procedures;
- Partnering with Mind Gym, a behavioral science organization, to foster inclusive leadership and recognize bias in the workplace through diversity learning curriculum; and
- Creating open forums for colleague discussion relating to DE&I and allyship.

The efforts to create a more inclusive work environment led to, among other things, CFG scoring 100% on the Human Rights Campaign’s Corporate Equality Index for the second year in a row and being named a “Best Place to Work” for LGBTQ+ equality.

CFG is also committed to environmental stewardship and to reducing its operational impact on the environment. CFG’s environmental policy requires that CFG monitor and track its environmental performance on a journey of continuous improvement. CFG also has a comprehensive data-gathering program that includes energy, water, paper, waste, recycling, greenhouse gas emissions, and business travel, and reports its performance annually to the CDP (formerly, the Carbon Disclosure Project). In particular, CFG is targeting a reduction in its Scope 1 and Scope 2 greenhouse gas emissions by 30% by 2025 and 50% by 2035, as compared with its 2016 emissions, which aligns with the recommendations of the Paris Agreement on climate change. Some of CFG’s key environmental initiatives include the following:

- CFG provides equity investments to support a greener and more independent energy

future through Citizens Asset Finance, and has participated in the funding of eight U.S. wind farm projects since mid-2015. CFG's investments totaled approximately \$403 million at the end of 2020, representing a 14% year-over-year increase.

- In 2020, environmental stewardship was selected as a focus area of CFG's Champions in Action program, which is designed to reward nonprofit organizations working to alleviate the challenges of communities in CFG's footprint. To help drive the responsible use and protection of the natural environment through delivery of conservations and sustainable practices, CFG made monetary contributions to Boston Harbor Now, Computer Reach, What Cheer Flower Farm, Bartram's Garden and Squam Lakes Natural Science Center.
- In July 2021, CFG launched a green deposits program to allow corporate clients to direct their cash reserves toward companies and projects that are expected to create a positive environmental impact.

*Investors.* Investors is and has been committed to its corporate responsibility mission of bringing value to all of their stakeholders—employees, customers, communities and stockholders. With the core values of “Cooperation, Character, Community and Commitment,” Investors has endeavored to be a good corporate citizen, focusing on prudent business practices, ethical and sustainable resource utilization, transparent governance, and diversity and inclusion. Investors recognizes that oversight of ESG and DE&I issues helps to minimize risks and, as importantly, it assists in reinforcing its core values of doing the right thing, supporting its employees, customers and communities, while providing an excellent customer experience.

With respect to environmental sustainability, Investors has continually focused on meaningful initiatives that are aligned with its business goals to help reduce environmental impact, drive operational cost reductions and demonstrate its ongoing commitment to environmental sustainability. Key initiatives include increasing energy efficiency, including the conversion of interior and exterior lighting to LED, reducing carbon waste and increasing recycling. Investors also continuously look for opportunities to reduce its reliance on paper through prudent and managed printing and increased utilization of technology.

Regarding commitments to its communities, as described in more detail in [Section V.F](#) below, through the Investors Charitable Foundation, established in 2005, and the Roma Community Bank Foundation, Investors has contributed or committed \$43.8 million in donations to enrich the lives of New Jersey and New York citizens by supporting initiatives in the arts, education, financial education, youth development, affordable housing, and health and human services. Investors also supports its employees volunteering their time and talents in the communities where they live and work. For example, within 2020, even during the COVID-19 pandemic, Investors employees donated nearly 1,000 hours in support of more than 60 community organizations and charities.

Investors engenders a committed, caring and inclusive environment that celebrates various backgrounds, cultures and lifestyles. Investors recognizes that maintaining a diverse workforce is essential to its growth. To that end, in 2016, Investors established its W.O.M.E.N. (Women, Opportunity, Mentoring, Empowering and Nurturing) Together Leadership Council. The W.O.M.E.N Together initiative was formed with the purpose of supporting and enriching the careers of the women of Investors. While the Council is women-focused, all employees - male and female - are invited and encouraged to participate in its events and activities. The W.O.M.E.N

Together Leadership Council is comprised of approximately 50 women leaders from all areas of Investors who work together to empower current and future women leaders by enhancing their personal and professional well-being. The council's goal is to encourage women's professional development through the sharing and exchanging of ideas, as well as promoting and influencing their professional lives through networking events, coaching and mentoring programs and internal exchange of ideas and experiences.

Investors also reinforces its commitment to DE&I through ongoing efforts to reflect and adapt to the changing demographics of its communities. In 2019, Investors expanded its DE&I efforts through its "iBelong" initiative. This company-wide strategic initiative continues to build on and strengthen Investors' internal and external recruiting efforts, internal policies, the education and development of employees, and procurement and supplier diversity. During 2020, several programs were adopted and implemented as part of the iBelong initiative, including the establishment of an employee-driven Diversity, Equity and Inclusion Council (the "DE&I Council"). The mission and objective of the DE&I Council has been, and continues to be, to create and execute on Investors' plans to drive a diversity and inclusion strategy and develop the framework for implementing and impacting initiatives, programs, policies and processes. The DE&I Council also works closely with Investors' business leaders to identify and address specific needs of diverse populations within Investors and its markets. In 2020, the DE&I Council developed, organized and implemented numerous training, education and awareness activities and campaigns throughout the organization.

### C. Anti-Money Laundering Compliance

Under Section 3(c)(6) of the BHC Act, the Board must consider in every application under Section 3 of the BHC Act the effectiveness of the company or companies, or, in the case of the Bank Merger Act, of any insured depository institution involved in the proposed merger transaction, in combating money laundering activities.<sup>27</sup> Each of CFG and Investors has a written Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") and Office of Foreign Assets Control ("OFAC") compliance program designed to reasonably assure compliance with all applicable laws and regulations and to meet the five pillars of an effective BSA/AML/OFAC compliance program. These BSA/AML policy and program documents have been approved by the board of directors of the relevant institution.

CFG has an established risk governance framework with oversight of BSA/AML from the CFG Board, the Executive Risk Committee, the Compliance and Operational Risk Committee, and the Anti-Money Laundering Oversight Committee. CFG's Chief BSA/AML and OFAC Officer reports to its Chief Compliance Officer, and is responsible for (i) the day-to-day management and strategic direction of the enterprise BSA/AML compliance program; (ii) developing and maintaining necessary controls to mitigate potential BSA/AML risks; (iii) monitoring CFG's compliance with its BSA/AML obligations, including oversight of the utilization of BSA/AML and OFAC sanctions compliance; and (iv) ensuring that CFG has a specific BSA/AML policy that outlines minimum requirements to meet legal and regulatory requirements to support the execution of its enterprise-wide BSA/AML compliance program,

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<sup>27</sup> 12 U.S.C. § 1842(c)(6).

including with respect to, among other things, customer risk rating methodologies, risk assessment methodologies, Know Your Customer and enhanced due diligence programs and procedures, customer transaction monitoring and screening, BSA/AML records retention requirements, and Currency Transaction Report and Suspicious Activity Report filings.

Upon completion of the Transaction, CFG will maintain these reporting structures and program requirements in place. The related BSA/AML customer, risk and transaction monitoring programs on Investors' legacy systems will be integrated with CFG's corresponding systems in connection with the conversion of bank customer information and related databases. The Compliance function will be involved in the transitioning of these systems and activities as part of the integration management structure under the oversight of the Integration Management Office and staffing, processes and controls related to BSA/AML systems integration will be assessed and adjusted as needed as part of the firms' overall integration efforts.

#### D. Financial Stability

Pursuant to Section 3(c)(7) of the BHC Act, the Board must take into consideration the extent to which the Transaction would result in greater or more concentrated risks to the stability of the U.S. banking or financial system (the "Financial Stability Factor").<sup>28</sup>

The Board's approval orders<sup>29</sup> under Section 3 of the BHC Act have delineated five factors through which the Board evaluated financial stability considerations: (1) the size of the resulting firm; (2) availability of substitute providers for any critical products and services offered by the resulting firm; (3) interconnectedness of the resulting firm with the banking or financial system (including with respect to short-term wholesale funding); (4) the extent to which the resulting firm contributes to the complexity of the financial system; and (5) the extent of the cross-border activities of the resulting firm. In addition to these largely quantitative measures, the Board has considered qualitative factors, such as the opacity and complexity of an institution's internal

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<sup>28</sup> 12 U.S.C. § 1842(c)(7).

<sup>29</sup> *See, e.g.*, Board Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches, SmartFinancial, Inc. (Aug. 17, 2021); Board Order Approving the Acquisition of a Bank Holding Company, First Bank Corp. (July 9, 2021); Board Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches, SVB Financial Group (June 10, 2021); Board Order Approving the Acquisition of a Bank Holding Company, Huntington Bancshares, Inc. (May 25, 2021) (the "Huntington Order"); Board Order Approving the Acquisition of a Bank Holding Company, The PNC Financial Services Group, Inc. (May 14, 2021) (the "PNC Order"); Board Order Approving the Acquisition of a Bank Holding Company, Bangor Bancorp, MHC (Oct. 22, 2020); Board Order Approving the Merger of Bank Holding Companies, the Merger of Banks, and the Establishment of Branches, First Horizon National Corporation (June 15, 2020); Board Order Approving the Merger of Bank Holding Companies, BB&T Corporation (November 19, 2019); Board Order Approving the Merger of Bank Holding Companies, Investors Financial, Inc. (March 16, 2017); Board Order Approving the Merger of Bank Holding Companies and the Acquisition of a Bank, KeyCorp (July 12, 2016); Board Order Approving the Formation of a Bank Holding Company, the Acquisition of a Bank Holding Company, and Determination on a Financial Holding Company Election, Royal Bank of Canada (October 7, 2015); Each of these Section 3 orders cite to the Board's Order approving Capital One Financial Corporation's acquisition of ING Direct fsb (February 14, 2012).

organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. The Board has stated that it reviews the foregoing factors individually and in combination.

The following analysis of the Board's five systemic risk factors demonstrates that the Transaction would not result in greater or more concentrated risks to the stability of the U.S. banking or financial system.

1. Size

As the Board has noted, the size of the resulting organization "is one important indicator of the risk that the organization may pose to the U.S. banking or financial system."<sup>30</sup> Based on multiple metrics, the size of CFG post-Transaction should not raise concerns under the Financial Stability Factor.

Upon consummation of the Transaction, CFG will have approximately \$220.8 billion in total consolidated assets.<sup>31</sup> Following the Closing, the total assets of CBNA would represent approximately 0.97% of total assets of all insured depository institutions in the United States as of March 31, 2021,<sup>32</sup> and a smaller share of the total assets of the U.S. financial system. The total deposits of CBNA would account for approximately 1.06% of total deposits of all insured depository institutions in the United States as of March 31, 2021, and the Transaction is therefore not precluded under the BHC Act, which has a 10% national deposit cap.<sup>33</sup> In addition, CFG would hold approximately 0.8% of the aggregate consolidated liabilities of all financial companies, and the Transaction is therefore not precluded under Section 622 of the Dodd-Frank Act and the Board's Regulation XX promulgated thereunder, which has a 10% liability cap.<sup>34</sup> The Transaction is far below these size metrics and comparable to, with respect to all these size metrics, those noted in the Huntington Order, where, after a comprehensive review of the Financial Stability Factor's size factor, the Board approved the transaction.

2. Substitutability

CFG and Investors do not engage in any activities that are critical to the functioning of the U.S. financial system or provide services that are available from only a small number of providers. To the contrary, both organizations primarily offer traditional banking products and

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<sup>30</sup> BB&T Order at 55.

<sup>31</sup> Based on financial information as of June 30, 2021, and reflecting the HSBC Branch Acquisition.

<sup>32</sup> Total assets data is derived from the FDIC's statistics on depository institutions report as of March 31, 2021.

<sup>33</sup> 12 U.S.C. § 1842(d)(2)(A).

<sup>34</sup> CFG and Investors had consolidated liabilities of \$161.9 billion and \$24.0 billion, respectively, as of June 30, 2021. Assuming national liabilities of \$21,878,962,476,000, following the Transaction, CFG would hold approximately 0.8% of total liabilities on consummation of the Transaction. This percentage is estimated using the method of calculation in the Board's Regulation XX, 12 CFR part 251.



services for which there are numerous providers that could continue to provide such products and services should the combined organization be unable to do so as a result of severe financial distress.

As discussed in Section V.A and in Section V.E.2 above, the Transaction will not create a combined organization with a large share of deposits or loans anywhere within the combined footprint. Following the consummation of the Transaction, therefore, CFG's market share of any activity would not be substantial enough to cause significant disruption in the activity if CFG were to experience distress due to the availability of substitute providers that could assume its business—as described in the Competitive Effects Memorandum attached as Public Exhibit 11, following the Closing there will continue to be a number of significant competitors, including a multitude of nationwide, regional, community and Internet banks, in addition to numerous non-bank competitors such as credit unions, thrifts, and other non-bank financial institutions, to which customers of the combined organization could readily turn. Accordingly, the Transaction would not raise financial stability risk concerns under the substitutability factor.

### 3. Interconnectedness

The Transaction would not materially increase the interconnectedness of the U.S. banking or financial system. Similar to the Board's analysis in the Huntington Order and the PNC Order, and as demonstrated throughout this Application, CFG would not constitute a critical services provider or be so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.<sup>35</sup> Neither CFG nor Investors is dependent on uncommitted short-term or wholesale funding from other financial institutions or a significant provider of such funding to such institutions. Core deposits, which include checking accounts, small-denomination time deposits, and other retail deposits that are typically insured, are the principal source of funds for use in lending and other business purposes for CFG and Investors. Furthermore, the parties' use of derivatives is predominantly related to risk management and would not pose a material financial stability risk. In addition, similar to the Board's analysis in the PNC Order, and shown in Public Exhibit 8 and Confidential Exhibit 2, following the closing of the Transaction the combined organization's shares of United States financial system intra-financial system assets and liabilities, total volume of trading book and available-for-sale securities and level of notional derivatives would each be de minimis.

Accordingly, based on CFG's and Investors' limited use of wholesale funding and limited intra-financial system assets and liabilities, securities outstanding and notional derivatives, the Transaction would not increase the interconnectedness of the combined organization to any meaningful degree.

### 4. Complexity and Resolution

The Transaction would not contribute to the overall complexity of the U.S. banking or financial system. Neither CFG nor Investors has complex assets or liabilities that would hinder the timely and efficient resolution of CFG in the event that CFG were to experience financial distress. Neither CFG or Investors engages in complex activities, such as acting as a core clearing and settlement organization for critical financial markets, that might complicate the resolution

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<sup>35</sup> See Huntington Order at 34; PNC Order at 22.

process by increasing the complexity, costs, or time frames involved in a resolution. In addition, the parties' involvement in capital markets, derivatives, or trading activity is limited and predominantly related to risk management and would not pose a material financial stability risk.

The majority of CFG's revenue after the Merger is expected to be derived from net interest income, and the majority of CFG's assets will be made up of loans and leases. Of CFG's \$220.8 billion in total assets, post-Transaction, \$146.0 billion are made up of loans. CFG and Investors each maintains a limited number of securities available for sale and/or held to maturity. CFG's pro forma limited securities portfolio post-Transaction would be made up of diversified, liquid securities, consisting predominantly of mortgage-backed securities (with approximately 92% of the portfolio consisting of high-quality liquid assets). Resolving CFG would not involve a level of cost, time, or difficulty such that it would cause a significant increase in risk to the stability of the U.S. banking or financial system. Moreover, because CFG's and Investors' business model focuses on straightforward products and services, following the Transaction, CFG would not be so complicated or so opaque as to hinder resolvability.

#### 5. Cross-Border Activity

The Board has previously considered whether an applicant's cross-border activities would create difficulties in coordinating any resolution and, thereby, significantly increase the risk to the stability of the U.S. banking or financial system. CFG currently, and following the Transaction, would have only one location outside the United States (a Cayman Islands branch of CBNA which handles certain deposit activities associated with Euro sweep deposit product customers)<sup>36</sup> and, therefore, de minimis operations, activities, assets or liabilities outside the United States. Investors does not currently have, and prior to the closing of the Transaction will not have, any locations or operations, activities, assets, or liabilities outside the United States. Similar to the Board's analysis in the Huntington Order and PNC Order, CFG would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. Accordingly, the Transaction will not result in any increased risks to the stability of the U.S. banking or financial systems due to CFG's cross-border activity.

#### 6. Financial Stability Factors in Combination

An assessment of the foregoing factors in combination results in the conclusion that the Transaction would not exacerbate the very low level of risk to the U.S. banking or financial system demonstrated by analyzing the factors individually. Moreover, the stabilizing effects of a stronger balance sheet and enhanced earnings capacity should also mitigate any potential concerns regarding risks posed by CFG to the stability of the U.S. banking or financial system.

Thus, based on an analysis of the foregoing factors, the Transaction will not result in "greater or more concentrated risks" to the stability of the U.S. banking or financial system. To the contrary, the Transaction will have the opposite effect by decreasing such risks based on the

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<sup>36</sup> CFG is in the process of considering the potential closure of this Cayman branch given the limited amount of existing customers for the Euro sweep deposit product and, therefore, the minimal activities of the branch.

creation of a more diversified and financially stronger institution. Please see Confidential Exhibit 2 for additional information relevant to this inquiry.

E. Interstate Banking

Section 3(d) of the BHC Act provides that the Board may authorize a bank holding company that is “well capitalized and well managed” to acquire control of a bank “located” in a state other than the home state of such bank holding company, notwithstanding contrary state law.<sup>37</sup> For purposes of the foregoing, the home state of CFG is the State of Rhode Island.<sup>38</sup> Further, the Board considers a bank to be “located” in the states in which the bank is chartered or headquartered or operates a branch.<sup>39</sup> As such, Investors Bank is deemed to be located in the states of New Jersey, New York and Pennsylvania.

CFG’s and Investors’ respective risk-adjusted capital ratios and leverage capital ratios materially exceed applicable regulatory standards for being “well capitalized,” as defined in 12 C.F.R. § 225.2(r). CFG will continue to be “well capitalized” following completion of the Transaction and its CET1 regulatory capital ratio will be stable before and following the Transaction. Please see Confidential Exhibit 1 for current and pro forma regulatory capital information. Furthermore, CFG believes it has a strong management team, the quality and competence of which is directly reflected in CFG’s strong capital ratios and overall sound financial condition, and that this team will continue to successfully lead the organization after the Transaction.

As set forth below, the Transaction also meets the other requirements of Section 3(d) of the BHC Act relating to the age of the target bank, deposit concentration limits, and community reinvestment compliance.

1. The Age of the Target Bank

Under Section 3(d) of the BHC Act, the Board may not approve a proposed interstate acquisition if the effect of the acquisition would be to permit an out-of-state bank holding company “to acquire a bank in a host State that has not been in existence for the minimum period of time, if any, specified in the statutory law of the host State.”<sup>40</sup> Notwithstanding the preceding sentence, the Board is authorized under Section 3(d)(1)(B)(ii) of the BHC Act to approve an acquisition of a bank that has been in existence for at least five years without regard to any longer

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<sup>37</sup> 12 U.S.C. § 1842(d)(1)(A).

<sup>38</sup> For purposes of Section 3(d) of the BHC Act, a bank holding company’s home state is the state in which, as of the later of July 1, 1966, and the date it became a bank holding company, the total deposits of its banking subsidiaries were largest. *See* 12 C.F.R. § 208.7(b)(3)(iii).

<sup>39</sup> *See, e.g.*, Board Order Approving the Formation of a Bank Holding Company, the Acquisition of a Bank Holding Company, and Determination on a Financial Holding Company Election, Royal Bank of Canada, (October 7, 2015); Board Order Approving the Merger of Bank Holding Companies, BB&T Corporation, (July 7, 2015).

<sup>40</sup> 12 U.S.C. § 1842(d)(1)(B)(i).

minimum period of time specified in the statutory law of the host state. Investors Bank has been in existence for more than five years.

## 2. Concentration Limits<sup>41</sup>

Under Section 3(d) of the BHC Act, there are both nationwide and statewide concentration limits for interstate acquisitions. In addition, Section 3(d) of the BHC Act require compliance with state law deposit concentration limits.<sup>42</sup> The Transaction fits within all applicable concentration limits.

- *Nationwide Concentration Limit*

Section 3(d) of the BHC Act provides that the Board may not approve an application if the applicant controls, or upon consummation of the acquisition for which such application is filed would control, “more than 10 percent of the total amount of deposits of insured depository institutions in the United States.”<sup>43</sup> CBNA holds approximately 1.0% of total insured depository institution deposits nationwide, based on its deposits as of June 30, 2021.<sup>44</sup> Based on the deposits of CBNA and Investors Bank as of June 30, 2021, upon consummation of the Transaction, CBNA will hold approximately 1.1% of total insured depository institution deposits nationwide.<sup>45</sup> Thus, the Transaction will comply with the 10% nationwide concentration limit.

- *Statewide Concentration Limit*

Section 3(d) of the BHC Act provides that the Board may not approve an application if (i) immediately before consummation of the acquisition for which such application is filed, the applicant (including any insured depository institution affiliate of the applicant) controls any insured depository institution or any branch of an insured depository institution in the home state of any bank to be acquired or in any host state in which any such bank maintains a branch; and (ii) the applicant (including all insured depository institutions which are affiliates of the applicant), upon consummation of the acquisition, would control 30% or more of the total amount of deposits of insured depository institutions in any such state.<sup>46</sup>

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<sup>41</sup> Unless otherwise indicated, all deposit data is based on the FDIC Summary of Deposits data as of June 30, 2020.

<sup>42</sup> 12 U.S.C. § 1842(d)(2).

<sup>43</sup> 12 U.S.C. § 1842(d)(2)(A).

<sup>44</sup> As of June 30, 2021, CBNA had deposits of approximately \$153.8 billion. According to the FDIC Summary Deposits data as of June 30, 2020, the total insured depository institution deposits nationwide was approximately \$15.6 trillion.

<sup>45</sup> As of June 30, 2021, CBNA had deposits of approximately \$153.8 billion and Investors Bank had deposits of approximately \$19.8 billion. According to the FDIC Summary Deposits data as of June 30, 2020, the total insured depository institution deposits nationwide was approximately \$15.6 trillion.

<sup>46</sup> 12 U.S.C. § 1842(d)(2)(B).

For purposes of the foregoing, the home state of Investors and Investors Bank is New Jersey. The states where both CFG and Investors, through their respective subsidiary banks, maintain branches are New Jersey, New York and Pennsylvania. Following the Transaction, CFG will hold less than 1% of the total insured deposits in New York<sup>47</sup>, less than 5% of the total insured deposits in New Jersey<sup>48</sup> and less than 7% total insured deposits in Pennsylvania.<sup>49</sup> Accordingly, the Transaction will comply with the 30% statewide concentration limit.

- *State Law Deposit Limits*

Section 3(d) of the BHC Act provides that a state law that limits the percentage of the total amount of deposits that a banking organization may hold in such state remains unaffected by the concentration limits specified in Section 3(d) of the BHC Act to the extent that the state law deposit limit does not discriminate against out-of-state organizations.<sup>50</sup> Other than those states in which Investors Bank reports no deposits today, CFG will report deposits in New Jersey, New York and Pennsylvania following the consummation of the Transaction. Neither New York nor Pennsylvania impose any limit on deposit market share. New Jersey state law imposes a 30% state deposit limit.<sup>51</sup> As of June 30, 2021, CFG through CBNA, held approximately 0.23% of New Jersey deposits, and Investors through Investors Bank held approximately 4.14% of New Jersey deposits. Upon consummation of the Transaction, therefore, CFG will hold approximately 4.37% of New Jersey deposits, which is significantly below the 30% state limit.

### 3. Record of Community Reinvestment

Section 3(d) of the BHC Act requires the Board to consider an applicant's record under the CRA and take into account the applicant's record of compliance under applicable state community reinvestment laws.<sup>52</sup> As discussed below in Section V.F, CBNA and Investors Bank both have strong CRA performance records. CBNA has had an overall "Outstanding" CRA performance rating in each of its recent CRA evaluations, and will apply its outstanding CRA program and initiatives to the communities currently served by Investors Bank, while incorporating successful strategies and programs of Investors Bank and maintaining close ties to the community organizations now served by each organization.

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<sup>47</sup> According to the FDIC Summary of Deposits, as of June 30, 2020, CFG held 0.57% and Investors held 0.14% of total insured deposits in New York, respectively.

<sup>48</sup> According to the FDIC Summary of Deposits, as of June 30, 2020, CFG held 0.23% and Investors held 4.14% of total insured deposits in New Jersey, respectively.

<sup>49</sup> According to the FDIC Summary of Deposits, as of June 30, 2020, CFG held 6.52% and Berkshire Bank (whose Pennsylvania branches Investors acquired) held 0.01% of total insured deposits in Pennsylvania, respectively.

<sup>50</sup> 12 U.S.C. § 1842(d)(2)(C); 12 U.S.C. § 1831u(b)(2)(C).

<sup>51</sup> NJ Rev. Stat. Ann. § 17:9A-133.1(b).

<sup>52</sup> See 12 U.S.C. § 1842(d)(3); 12 U.S.C. § 1831u(b)(3).

F. Compliance with the CRA; Convenience and Needs of the Community; Public Benefits

CFG and Investors are banking organizations that are both built on the communities they serve; both CFG and Investors have focused on consumer and small and medium-sized businesses, largely in smaller urban and rural areas that are not served, or less-well served, by the largest nationwide banks. Both companies have been long recognized for their community commitments and longstanding support of civic organizations. CBNA has been awarded the highest possible CRA rating, “Outstanding,” on every examination since it was organized as a national association in 2005 (other than in 2012, when it was awarded as “Satisfactory” rating). Moreover, as described below with respect to its most recent performance evaluation, CBNA not only has an “Outstanding” rating on each of the three CRA component tests, but an overall “Outstanding” rating in each assessment area. This record not only evidences a deep and firmwide commitment to CRA, but strong support for approval of CBNA’s expansion into new markets. Investors Bank also meets the credit needs of the communities it serves, having earned a “Satisfactory” rating in each of its most recent examinations.

Each of CFG and Investors is committed to meeting the needs of the communities it serves and its obligations under the CRA, as demonstrated by CBNA’s and Investors Bank’s respective records under the CRA. As a result of the Transaction, CFG will be able to leverage its enhanced financial and managerial resources to compete more effectively with larger financial institutions. Because CFG will be a more effective competitor following the Transaction, CFG anticipates there will be greater competition for pricing, service quality, and new product development, which will benefit current and potential new customers in all the markets, including LMI communities, served by CFG and Investors. In addition, as described above in Section III, after the Transaction CFG will continue to support charitable activities in the communities currently served by Investors’ existing charitable foundations, the Investors Charitable Foundation and Roma Community Bank Foundation. CFG will also provide additional funds dedicated to supporting community development and reinvestment, and civic and charitable activities in Investors’ footprint, as it currently does through CFG’s own foundations in its current footprint.

1. CBNA CRA Performance Record

• CBNA’s 2018 CRA Evaluation

The OCC in its most recent CRA evaluation of CBNA (the “2018 CRA Evaluation”) reviewed CBNA’s home mortgage loan reported under the Home Mortgage Disclosure Act (“HMDA”), small loans to businesses, community development loans, investments, and services covering the period from January 1, 2016 to December 31, 2018 (the “Evaluation Period”).<sup>53</sup> In this evaluation, CBNA’s performance rating for each of the lending, investment, and service tests was “Outstanding,” and its overall CRA performance rating was “Outstanding.” The 2018 CRA Evaluation covered CBNA’s CRA assessment areas (“AAs”) in eight states (Connecticut, Delaware, Massachusetts, Michigan, New Hampshire, New York, Ohio, and Vermont) and two Multistate Consolidated Statistical Areas (“MCSA”) (the Boston

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<sup>53</sup> CBNA’s next CRA evaluation, covering the period from 2019 to 2021, is scheduled to occur in fall 2022.

MCSA, which consists of geographies in Massachusetts, Rhode Island, New Hampshire, and Connecticut, and the New York MCSA, which consists of geographies in New York, New Jersey, Connecticut, and Pennsylvania),<sup>54</sup> each of which also received an “Outstanding” rating. The Boston MCSA rating area carried the greatest emphasis in the 2018 CRA Evaluation because it represented CBNA’s most significant market.<sup>55</sup>

During the Evaluation Period, CBNA was recognized as a “Gold Tier Lender,” the highest honor awarded by the Massachusetts Housing Partnership (“MHP”), a statewide public non-profit affordable housing organization that works with Massachusetts to increase the supply of affordable housing in the state. CBNA was given this honor because of its “steadfast support and commitment to the ONE Mortgage Program, which is designated to help LMI first-time homebuyers achieve homeownership.”<sup>56</sup> Not only has CBNA continued to support MHP’s One Mortgage Program, but also it has recently partnered with the City of Boston to enhance the program, as noted in more detail below.

○ *Lending Test*

With respect to the lending test, the OCC assigned CBNA an “Outstanding” rating overall and also an “Outstanding” rating for each geographic area within the scope of the 2018 CRA Evaluation (each, a “Rating Area”). The OCC noted that CBNA’s performance in the Boston MCSA, its most significant market, is excellent, and that CBNA’s lending levels reflected “excellent responsiveness to AA credit needs when considering the competition.”<sup>57</sup>

The OCC also stated that CBNA exhibits an excellent distribution of loans among individuals of different income levels and businesses of different sizes as well as a good geographic distribution of loans in the Boston MCSA. Between 2017 and 2018, the proportion of home mortgage loans to low-income borrowers was below the proportion of low-income families within the MCSA, but exceeded the aggregate distribution of loans. The OCC stated that the distribution is “good” to low-income borrowers considering the performance relative to all lenders. The OCC also highlighted that the proportion of these loans to moderate-income borrowers exceeded both the proportion of moderate-income families and the aggregate distribution of loans. During that same period the proportion of loans to small businesses approximated the percentage of small businesses in the MCSA and significantly exceeded the aggregate distribution of these loans. The OCC indicated that performance is excellent when considering the competition from the larger financial institutions in the MCSA that dominate the market and which originate small business loans through credit cards.

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<sup>54</sup> Although the New York MCSA includes Pennsylvania, the 2018 CRA Evaluation did not cover Pennsylvania since Citizens Bank of Pennsylvania was not in-scope for the Evaluation Period—as described above in Section V.B.4, the merger of Citizens Bank of Pennsylvania into CBNA was consummated in January 2019.

<sup>55</sup> The Boston MCSA includes approximately 62% of CBNA’s deposits and 46% of the branch network.

<sup>56</sup> 2018 CRA Evaluation at 10.

<sup>57</sup> 2018 CRA Evaluation at 12.



With respect to the distribution of loans by income level of the geography, the OCC found that CBNA exhibits a good geographic distribution in the Boston MCSA. Between 2017 and 2018, CBNA's proportion of home mortgage loans in low-income geographies approximated the proportion of owner-occupied homes in those geographies and was well below the aggregate distribution of loans.

The OCC underscored that within the Boston MCSA, CBNA is "a leader in making [Community Development ("CD") loans] and "a leader in providing CD services." Moreover, the OCC highlighted that in every Rating Area CBNA has an "[e]xcellent level of qualified CD investment and grants and exhibits excellent responsiveness to credit and community economic development needs." Certain examples of CBNA's CD lending in its AAs include:

- With respect to the Boston MCSA:
  - a \$32.5 million loan to refurbish a destroyed factory in a state designated Economic Target Area and state designated Economically Distressed Area, which ultimately helped develop over 24,000 square feet of commercial space and 27 units of affordable housing;
  - a \$10 million loan toward a 217-unit affordable housing development, with all units allocated to tenants earning less than 80% of the area median income ("AMI");
  - an \$8.3 million in construction and term financing for a 96-unit affordable housing development, with the majority of units allocated to tenants earning less than 80% of the AMI;
  - a \$4 million working capital line of credit to a healthcare organization, 66% of which's clients receive Medicaid assistance, located in a low-income geography that provides health and social services to primarily LMI individuals;
  
- With respect to CBNA's other MCSA and AAs:
  - a \$38 million loan for land acquisition to create a 102-unit affordable housing development in Stamford, CT, which also utilized Low Income Housing Tax Credits ("LIHTC") financing;
  - a CD loan totaling \$33.8 million used to create a mall in a moderate-income geography in NH that will provide LMI job creation;
  - \$21.9 million in construction and term financing for an 80-unit multifamily affordable housing development in Detroit, MI;
  - a \$20.5 million loan to finance a property in Manchester, CT that led to the creation of 100 jobs for individuals earning below 60 percent of the AMI;
  - a \$10 million and \$9.5 million loans for adaptive reuse of a former police academy in Agawam, MA into 51 units of affordable housing for formerly homeless veterans;



- a \$13.3 million loan for the rehabilitation of a 167-unit affordable housing development in White Plains, NY, with all units allocated to tenants earning less than 80 percent of the AMI.
- a \$12.2 million loan to renovate an apartment complex in Detroit, MI and create 72 units of affordable housing;
- a \$12 million loan for the purchase of a vacant school building in a Historically Underutilized Business Zone located in a low-income geography in Albany, NY, which allowed a charter school to double its enrollment and provide educational services to LMI individuals free of charge;
- an \$11.8 million construction loan to rehabilitate a 108-unit affordable housing development targeted to low-income seniors in Newark, DE, which also utilized LIHTC financing; and
- a \$4.7 million in construction financing for the development of 25 units of affordable housing in VT.

Regarding CBNA’s flexible and innovative lending products, the OCC highlighted that CBNA offers a range of qualified CRA affordable mortgage products to LMI borrowers. Examples of these products include the: (1) Destination Home Loan Program, which offers LMI borrowers flexible underwriting terms and no requirement for mortgage insurance;<sup>58</sup> (2) Closing Cost/Down Payment Assistance Program, providing first-time buyers who would qualify as an LMI borrower located in a LMI geography, with grant funding to be used toward down payments and/or closing costs;<sup>59</sup> (3) Fannie Mae HomeReady, to provide affordable conventional financing with low down payments, flexible source of funds and innovative underwriting flexibilities;<sup>60</sup> and (4) Home Improvement Loans designed for LMI owner-occupied households or borrowers residing in LMI geographies to be used for home improvement and payment of existing debt.<sup>61</sup> Moreover, the OCC indicated that CBNA has originated 1,475 Federal Housing Administration (“FHA”) insured loans for \$282.8 million and 432 U.S. Department of Veteran Affairs (“VA”) insured loans for \$78.4 million, each of which have more flexible lending criteria than conventional mortgage loans.

The 2018 CRA Evaluation also notes CBNA’s flexible and innovative retail service products, which include (1) Vantage Link, a platform that enables small businesses to easily apply for loans online for lines of credit up to \$250,000 and (ii) Fee Free Cash Advance, which provides fee-free advances on government issued payment cards and has cash advance

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<sup>58</sup> During the Evaluation Period, CBNA originated 636 loans totaling \$103 million for the Destination Home Loan Program.

<sup>59</sup> During the Evaluation Period, CBNA originated 603 loans totaling \$1.6 million to provide closing cost and down payment assistance.

<sup>60</sup> During the Evaluation Period, CBNA originated 475 loans totaling \$74.5 million for the Fannie Mae HomeReady program.

<sup>61</sup> During the Evaluation period, CBNA originated 1,066 home improvement and debt payoff loans totaling \$9.1 million.

capabilities and is offered to all individuals living in the communities in which CBNA serves (not only to CBNA customers).

○ *Investment Test*

With respect to the investment test, the OCC assigned CBNA an “Outstanding” rating overall and also an “Outstanding” rating in each Rating Area. The OCC notes with respect to CBNA’s performance in the several Rating Areas that “CBNA has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors.”<sup>62</sup> During the Evaluation Period, CBNA made \$777.0 million in 1,570 new qualified CD investments and had \$672.4 million in 510 qualified CD investments outstanding from prior evaluation periods. CBNA also provided \$10.1 million through 548 CD grants during the Evaluation Period.

Examples of CBNA’s leadership in qualified investments during the Evaluation period included:

- A \$33.2 million purchase of LIHTC for the housing authority's affordable housing and redevelopment initiative involving apartments in Boston (Lower Roxbury), MA;
- a \$22.1 funded commitment in a proprietary LIHTC fund consisting of a 143-unit senior housing complex in Cleveland, OH;
- \$17.8 million funded towards an \$18.2 million commitment in a national multi-investor LIHTC fund directed toward the development of a 193-unit affordable housing apartment building in Providence, RI;
- \$15 million funded towards a \$17.3 million proprietary LIHTC investment for the redevelopment of a vacant, historic mill building in Providence, RI into a total of 60 units of housing; seven units will be for tenants earning up to 50 percent of AMI, 47 will be for tenants earning up to 60 percent of AMI, and six units are market rent;
- A \$14.8 million proprietary LIHTC fund for the acquisition and rehabilitation of 167-units in White Plains, NY. This project will set aside 145 units for tenants with incomes at or below 60% AMI;
- Funded \$14.4 million of a \$15.2 million commitment in a proprietary LIHTC fund in Ohio. The investment created 59 units of affordable housing serving seniors and persons with developmental disabilities with incomes of 30 percent, 50 percent, and 60 percent or less of AMI;
- A \$13.3 million funded commitment to a proprietary LIHTC fund for development of an 80-unit senior housing complex in Detroit, MI;
- \$13.2 million funded of a \$13.5 million commitment to a proprietary LIHTC fund to preserve 157 units of affordable housing in Detroit, MI;

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<sup>62</sup> 2018 CRA Evaluation at 15, 32, 57, 65, 76, 88, and 97.

- Funded a \$7.9 million commitment in a proprietary LIHTC fund to develop a 158-unit apartment complex in Saratoga Springs, NY. The tax credit units are restricted for families earning 50 and 60 percent of the AMI;
- \$7.3 million funded of a \$13.3 million commitment in a proprietary LIHTC fund to help finance the project described under CD Loans within Massachusetts;
- Three investments totaling \$6.4 million in a multi-investor LIHTC fund to help pay for affordable housing apartment complexes in West Hartford (72 units), Suffield (48 units), and Middletown (32 units), CT;
- \$5.3 million funded of a \$5.6 million commitment in a multi-investor LIHTC fund. The investment helped to rehabilitate a 42-unit low-income senior housing development in Berlin, NH; and
- \$2.8 million funded of a \$3 million commitment in a multi-investors LIHTC fund to assist in the rehabilitation of affordable housing projects, totaling 384 units, throughout Massachusetts.

○ *Service Test*

With respect to the service test, the OCC assigned CBNA an “Outstanding” rating overall, with an “Outstanding” rating in five Rating Areas, including the Boston MCSA, and a “High Satisfactory” rating in five Rating Areas. The OCC provided that in all but two Rating Areas CBNA’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals, and that its service delivery systems are either “readily accessible” or “accessible” to geographies and individuals of different income levels and is responsive in providing services across all portions of the bank’s communities.

With respect to CD services, the OCC stated that CBNA is “a leader in providing CD services” in a number of the Rating Areas in which it operates. During the Evaluation Period, CBNA employees provided approximately 14,000 hours of CD services to 279 different organizations. In the Boston MCSA alone, 365 CBNA employees contributed almost 7,500 hours with 150 different organizations to provide CD services primarily targeted to LMI individuals. These employees also served on certain boards or committees of 86 of these CD organizations. Moreover, CBNA provided financial literacy training to more than 36,000 LMI individuals and homebuyer financial education classes assisting approximately 1,150 potential LMI homebuyers. CBNA also provided workforce development programs, tax assistance, technical support and job readiness education programs to members of the communities in which CBNA operates.

○ *CBNA’s CRA Activities Since the 2018 CRA Evaluation*

Since the 2018 CRA Evaluation, CBNA has continued its meaningful and substantial support of its local communities, including LMI individuals, families, and neighborhoods. As an overview, across its CRA AAs from January 1, 2019, through June 30, 2021, CBNA: (1) originated more than 146,000 home mortgage loans totaling \$30.7 billion, including more than 46,000 loans totaling \$6.1 billion to LMI borrowers; (2) made loans to small

businesses (other than PPP loans described separately below), totaling approximately \$1.7 billion, including loans totaling more than \$716 million in amounts of \$100,000 or less, and loans totaling more than \$375 million to businesses in LMI census tracts; (3) made 840 CD loans totaling approximately \$2.7 billion; and (4) made qualified investments and grants totaling over \$900 million. In addition, CBNA employees spent approximately 20,551 hours engaging in CD services within their local communities during this same period.

CBNA continues to provide various products to help: (1) first-time and LMI homebuyers secure affordable mortgage loans; (2) small businesses gain needed financing; and (3) consumers obtain low-cost deposit accounts and other consumer products. In addition, CBNA also continues to offer a variety of complex CD lending options, innovative investment and grant activities to support affordable housing and reinvigorate LMI and distressed communities in its AAs. CBNA also continues to provide a wide range of deposit accounts to consumers including for banked or under-banked individuals, and small businesses, through traditional and innovative digital delivery systems, to fulfill their banking needs.

***Home Mortgage and Home Equity Lines of Credit.*** CBNA continues to offer an extensive range of products to help first-time and LMI buyers achieve home ownership. For example, in addition to offering agency, VA, and FHA products, CBNA offers its proprietary Destination Home Mortgage Plus program, a 97% LMI mortgage program that does not require participants to pay private mortgage insurance. This product, particularly when coupled with a Citizens Closing Cost Assistance Grant provided in connection with the Citizens Bank Closing Cost/Down Payment Assistance Program, brings home ownership affordability and sustainability to more customers.

CBNA's mortgage teams are also very focused on being involved within the communities the company serves. CBNA has 25 CRA mortgage loan originators ("MLOs") who are focused on originating mortgages in LMI areas as well as serving the needs of LMI borrowers. These MLOs work hand-in-hand with affordable housing community partners to provide first-time home buying counseling and guidance to potential first-time homebuyers. They are also responsible for serving as CRA mortgage experts and help support traditional CBNA MLOs in originating CRA loans. Additionally, while serving the market, the CRA MLOs work closely with CBNA's CD Market Managers to ensure CBNA can effectively address the community mortgage needs.

As noted above, since the 2018 CRA Evaluation, CBNA has originated over 146,000 home mortgage loans, aggregating more than \$30.7 billion in its CRA AAs. These totals include 46,320 loans originated to LMI individuals, aggregating more than \$6.1 billion, and 17,950 mortgage loans originated in LMI census tracts, aggregating more than \$2.6 billion. Further, CBNA continues to offer the Destination Home Loan Program, Closing Cost/Down Payment Assistance Program, and Fannie Mae HomeReady program, as described above.

CBNA has also launched two new important initiatives since the 2018 CRA Evaluation. First, in November of 2020, CBNA launched the GoalBuilder home equity line of credit ("GoalBuilder"), which was developed to meet the needs of customers who may not qualify for a traditional home equity line of credit and is available to clients who reside in LMI

tracts or have an income less than 80% of the average area median income. This loan is available in the amounts \$5,000-\$25,000, has a lower FICO minimum requirement of 620, and a loan-to-value ratio of 97%, and provides an affordable borrowing option to a wider range of customers using equity in their home.

Second, in 2021 and in partnership with the City of Boston, CBNA rolled out the ONE+Boston program, which uses funding from the City of Boston to enhance MHP's ONE Mortgage Program for income-eligible first-time homebuyers currently residing and buying in Boston. ONE+Boston will use the city's funding to provide interest rate discounts on 30-year fixed-rate mortgage loans originated through the ONE Mortgage Program. The resulting lower interest rates will provide LMI first-time homebuyers (below 100% of area median income) with more purchasing power, enabling them to purchase market-rate and higher-priced deed-restricted properties in Boston. All of the same underwriting and eligibility criteria used for the existing ONE Mortgage Program will apply to the new ONE+Boston Program.

***Small Business Lending.*** As described above, since the 2018 CRA Evaluation CBNA has originated: (1) more than 26,000 loans to small businesses, aggregating more than \$1.65 billion; (2) 23,360 loans to small businesses in amounts of \$100,000 or less, aggregating more than \$716 million; and (3) more than 5,650 loans to small businesses in LMI census tracts, aggregating more than \$375 million. These amounts do not include the substantial number of PPP loans that CBNA provided to eligible small businesses during the COVID-19 pandemic in 2020 and 2021, which are discussed below.

In addition to a full suite of SBA-guaranteed loan programs, CBNA also offers Business VantageLink. Through this service, small businesses can apply for loans and lines of credit \$10,000 to \$250,000, through a simple online application. In most cases customers are notified of the approval decisions the same business day, and loans are funded within three business days. Additionally, to further support small businesses' access to financing, CBNA's offering through VantageLink incorporates a unique "second look" component—that is, for applicants who provide authorization, if they do not meet CBNA's underwriting criteria, the applications are seamlessly referred to "Foundation" for a second review. Foundation is a small business lending financial technology company with which CBNA has partnered to leverage their technology, customer friendly online application process, efficient servicing and capability to underwrite loans outside CBNA's credit profile for their balance sheet.

***Community Development Activities.*** CBNA has a team of approximately 45 employees dedicated to the growth and advancement of community development for the markets they serve, with a focus on access to affordable housing and on economic development activities that help to strengthen families and neighborhoods. The CD team consists of CD Market Managers, CD Lending and Investment specialists, a CD-specific portfolio management team, as well as a team of data analysts and project managers who monitor and report on CRA compliance and performance.

The CD Market Manager team serves as the conduit between CBNA and the community with all matters related to the CRA. CBNA continues to regularly meet with community leaders to enhance its understanding of key issues impacting its CRA constituency

and provides internal line of business partners with a roadmap to effectively meet its CRA objectives. CBNA also continues to encourage colleagues across the organization to serve as community ambassadors to deliver financial education to the community and fosters the development of innovative products and services to support affordable housing, community development, and neighborhood stabilization.

CBNA employs a team of relationship managers and investment analysts dedicated to the origination, underwriting, and closing of LIHTC transactions as well as other community related development activities. The team is currently responsible for approximately \$500 million of annual community-based investments. Its dedicated staff is highly specialized in this area, with over 100 years of combined experience and has closed over \$2 billion of transactions for CBNA over the past eight years.

The CD Lending Team is a team dedicated to originating qualified CD loans which support affordable housing for LMI families and promote economic development, job creation and stabilization in LMI communities across the CBNA's 10-state retail footprint. Loans include LIHTC & Historic Tax Credit construction loans, tax credit bridge loans, new Market Tax Credit leveraged loans and loans and lines of credit to CDFIs and loan funds that provide capital to LMI constituencies.

In addition, during the current exam cycle, the following three initiatives have been added to CBNA's product and service offerings, enhancing CBNA's already robust CRA program:

- First, the CBNA CD Lending team developed a product for nonprofit organizations that are engaged in the preservation of multi-family affordable housing stock by providing up to 95% of the purchase price toward the acquisition of existing stabilized multi-family affordable housing developments. The product is intended to allow nonprofits in highly competitive real estate markets to compete more aggressively with market rate developers to acquire existing developments and preserve affordable housing opportunities in the community.
- Second, to address racial inequities, CBNA made a commitment in 2020 to fund up to \$50 million to CDFIs to provide working capital lines of credit, small business loans, microloans, and reconstruction loans to non-bankable Black- and Brown-owned businesses. \$39 million of this funding was distributed as of June 30, 2021. Through the program, eligible participating CDFIs also received operating funds for their training programs and partnered with a CBNA Business Banking Relationship Manager to participate in business and entrepreneur training programs for those they serve. CBNA also committed \$250,000 in equity capital to minority entrepreneurs identified through CDFI partners to enable the launch of new businesses or growth of existing businesses in minority communities. Grantees will be selected based on a business-pitch style competition in which CBNA employees will serve on the

evaluation panels.

- Third, CBNA made a commitment to invest \$300 million in LIHTC developments in predominantly minority census tracts at premium pricing. The capital created through premium pricing will be used to help address the digital divide by providing features such as technology centers with computer workstations and provision of high-speed internet connectivity to individual units at no cost to tenants.

***CBNA's COVID-19 Pandemic Relief.*** The ongoing COVID-19 pandemic has had social and economic impacts on the communities CBNA services. To alleviate some of the challenges facing a number of its LMI and small business customers, CBNA has provided meaningful assistance to its customers, small businesses and communities in which it operates during the pandemic.

With respect to supporting individual consumers, CBNA: (1) provided payment assistance for up to 90 days, with the option to be extended for another 90 days and longer for certain products;<sup>63</sup> (2) rebated late fees, overdraft fees, and services charges; (3) allowed early certificate of deposit withdrawals without penalty and increased mobile deposit limits for personal and business accounts; (4) suspended foreclosures on property portfolios and repossessions on automobiles, granted forbearances on 170,213 loans;<sup>64</sup> and (5) offered new modification programs for both mortgagees and auto loans.<sup>65</sup>

CBNA also went beyond the requirements of the CARES Act in several ways. First, CBNA extended the benefits provided for under the CARES Act to consumer products not covered thereunder. For instance, the CARES Act permitted borrowers with federally backed residential mortgages to request forbearance for up to 180 days with the ability to request an extension for an additional 180-day period. CBNA both offered the full 360-days of deferral for federal backed mortgages, and also extended these benefits to all CBNA-owned assets.<sup>66</sup> CBNA also offered COVID-19-related forbearances for all consumer products, even though not mandated by the CARES Act.

With respect to supporting small businesses, CBNA: (1) provided more than 50,000 loans totaling \$6.8 billion in 2020 to small business customers across two rounds of

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<sup>63</sup> For instance, CBNA provided assistance for up to 9 and 18 months for student loan and real estate secured (such as home equity and mortgage) products, respectively.

<sup>64</sup> The forbearances granted to customers related to the following products: Auto Lending (73,615); Education Finance (48,395); Business Banking (3,251); Credit Card (15,085); Residential Mortgage (8,762); Home Equity Lending (5,475); Other Retail (15,630).

<sup>65</sup> These modifications include extending terms of mortgages and auto loans so customers would not be responsible for payments immediately following the exit of their forbearance.

<sup>66</sup> CBNA granted payment deferrals to approximately 490 commercial clients on loans totaling approximately \$3.2 billion from March 2020 through December 31, 2020. As of June 30, 2021, this decreased to four commercial clients with deferrals on approximately \$88 million of loans.

funding for the PPP;<sup>67</sup> and (2) facilitated small business referrals for SBA Economic Injury Disaster loans.

With respect to supporting the communities in which it operates, CBNA: (1) committed \$5 million to help communities and small business across CBNA's footprint;<sup>68</sup> (2) identified nonprofit organizations that support small businesses and allowed credit card customers to donate reward points to those businesses, resulting in an additional \$150,000 in support; (3) provided unrestricted funding support to organizations across CBNA's footprint to give flexibility to address urgent community capital needs; (4) worked with community partners to reformat and facilitate ongoing employee volunteerism; and (5) committed \$10 million to support minority-owned small businesses and initiatives aimed at promoting social equity.

CBNA also expanded its robust financial education programs during the COVID-19 pandemic to help consumers better manage their finances in such difficult times. To that end, CBNA's "Citizens Helping Citizens Manage Money" program pivoted to an all-virtual seminar delivery, with its "Community Ambassadors" participating in trainings to deliver engaging remote learning experiences. In 2020, CBNA's Community Ambassadors delivered more than 500 workshops to approximately 10,000 participants. These courses focused on informing participants on the available resources to cope with the financial hardships resulting from the COVID-19 pandemic.

## 2. Investors Bank's CRA Performance Record

### • *Investors Bank's 2017 FDIC Evaluation*

Investors Bank has a strong commitment to meeting the needs of its communities. Investors Bank's community development record includes: (i) loans for affordable housing for LMI individuals (including multifamily rental housing); (ii) community services targeted to LMI individuals (such as financial literacy programs, first-time homebuyer seminars and seminars on financing for small business owners); (iii) increased accessibility of bank products and services through expanded and branch network in LMI census tracts, extended branch hours, telephone, online and mobile banking and an extensive ATM network; (iv) service of bank employees on boards of non-profit organizations; (v) activities that promote economic development such as financing small businesses; and (vi) community development investments. Investors Bank's latest comprehensive CRA performance evaluation issued by the FDIC was dated October 30, 2017 (the "FDIC Evaluation"). The overall rating assigned by the FDIC was "Satisfactory." Investors Bank's assessment area generally included 4,216 census tracts in the New York, Northern New Jersey-Long Island, NY-NJ, PA MSA, 77 census tracts in Trenton-Ewing, NJ MSA, 114 census

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<sup>67</sup> Approximately 84% of the loans were under \$100,000, and 93% of the loans were to businesses with fewer than 25 employees supporting over 540,000 jobs. As of June 30, 2021, approximately \$3.3 billion of those loans have been forgiven by the SBA.

<sup>68</sup> For instance, CBNA: (1) selected approximately 130 small business customers to receive one-time grants of \$15,000 to help them, their employees, and their communities; (2) gave \$860,000 in immediate financial help to community organizations that play a critical role in their neighborhoods; and (3) committed \$2.2 million to CBNA's small business recovery program, in partnership with local nonprofit organizations.



tracts in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA and 23 census tracts in the Allentown-Bethlehem, Easton, PA-NJ MSA.

○ *Lending Test*

The FDIC rated Investors Bank’s lending performance as “High Satisfactory.” The FDIC indicated that, over the evaluation period, Investors Bank originated 6,227 home mortgage and small business loans totaling \$4.5 billion. Home mortgage loans totaled \$4.3 billion and small business loans \$151.3 million. The FDIC Evaluation noted that Investors Bank originated a high percentage of its home and small business loans in its assessment area.

Some of the specific conclusions of the FDIC are indicative of Investors Bank’s strong lending record with respect to LMI borrowers. The FDIC noted that Investors Bank’s responsiveness to credit needs of its assessment area as “good” and that Investors Bank originated or purchase a high percentage of loans in its assessment area. The FDIC indicated that the geographical distribution of Investors Bank’s lending reflects good penetration throughout the combined assessment area and among individuals of different income groups and businesses of different revenue sizes.

Home mortgage lending performance in LMI geographies was deemed “good”. The FDIC noted that, over the evaluation period, the percentage of loans by Investors Bank to both LMI borrowers exceeded aggregate lending percentages to such borrowers. Additionally, the FDIC referenced market share data showing that Investors Bank had a higher ranking of home mortgage lending in LMI tracts than its overall market rank. Small business lending was characterized as “adequate” and increasing over the evaluation period.

The FDIC also credited Investors Bank as being a “leader in making community development loans.”<sup>69</sup> The FDIC Evaluation cited Investors Bank’s 270 community development loans during the evaluation period, totaling \$1.4 billion. The FDIC noted that the dollar volume of CD loans increased from the prior evaluation and was higher than two well-regarded peer institutions.

Examples cited by the FDIC included Investors Bank’s:

- Participation in an acquisition loan for the purchase of an 11-building apartment complex in New York City, New York. The buildings contain 1,003 apartment units, of which 532 units qualify for Section 8 housing. Additionally, 118 units are set aside for tenants who qualify under the building’s Landlord Assistance Program. These tenants are offered rents below HUD’s Fair Market Rent Guidelines for New York County. The FDIC noted that this \$39.0 million participation in a \$195.0 million loan demonstrates Investors Bank’s commitment to extending affordable housing loans in this assessment area;

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<sup>69</sup> FDIC Evaluation at 23.

- Making a \$7.5 million loan to refinance a 99-unit transient hotel and shelter in a moderate-income census tract in Brooklyn, New York. The building's current tenant is one of the largest human services organizations in the country, serving more than 5,000 children, families, and adults with special needs across New York City. In addition to the studio apartment units, the property includes 15-social service offices inclusive of a nursery, multi-purpose room and a drop-off day care center;
- Refinancing of a \$7.0 million loan on a commercial building in a low income census tract in Brooklyn, New York. The building contains 12 office units and 6 retail units including a healthcare provider and health foods grocery store;
- Origination of a \$4.7 million loan for the acquisition of a two-building apartment complex consisting of 83 residential units in a low-income census tract in Orange, New Jersey. All individual residential units within these buildings offer affordable rents based on HUD's Fair Market Rent Guidelines for Essex County;
- Origination of a \$12.3 million loan to finance the acquisition of six multifamily buildings located in a moderate-income census tract. The building is located inside Investors Bank's assessment area in Hudson County, New Jersey, and contains 108 apartment units, all of which are affordable housing units according to HUD's Fair Market Guidelines for Hudson County;
- Origination of an \$8.5 million loan to provide permanent financing for a transient hotel/family shelter in Queens, New York containing 65 residential units. The property has a relationship with the Housing Partners of New York, Inc., a non-profit corporation, which provides assistance and services to homeless individuals;
- Refinancing of a loan to an investor in North Brunswick, New Jersey totaling \$27.0 million for 20 apartment buildings, including 244 affordable one-, two-, and three bedroom units, based on HUD's Fair Market guidelines for Middlesex County. The FDIC indicated this loan demonstrates Investors Bank's awareness of the area's affordable housing community needs; and
- Extension a \$9.0 million community development loan for affordable housing located in Burlington County, New Jersey. The loan completed a construction project to a non-profit organization providing rental housing to LMI individuals with physical and/or cognitive disabilities.

The FDIC also credited Investors Bank with use of certain “innovative and flexible lending practices”<sup>70</sup> to serve assessment area credit needs. Programs mentioned include:

- *Home Ownership Made Easy (H.O.M.E.)* – This affordable home mortgage product is available to LMI borrowers. The program requires a minimum down payment as low as 3 percent and aims to save responsible borrowers money by requiring fewer fees and costs, and providing lower rates when purchasing or refinancing a home. The program features a \$1,500 or \$4,500 forgivable loan for closing cost assistance.
  - *Special Home Improvement Loan* – This program is available to LMI homeowners of one- to four-family, owner-occupied homes in the New York and New Jersey counties within Investors Bank’s assessment area. The product offers a below market interest rate, no closing costs, and extended loan terms.
  - *First Home Club* – In conjunction with the Federal Home Loan Bank of New York, this program assists eligible first-time home buyers in the purchase of a home. Assistance is provided in the form of matching funds based on the home buyer’s systematic savings within a dedicated savings account up to \$7,500. The matched funds may be used toward the down payment for the purchase of a home. Additionally, First Home Club participants may be eligible for a reduced rate or refund on Investors Bank’s application fee that can be applied toward closing costs.
  - *New Jersey Homeseeker* – This program offers down payment assistance to eligible homebuyers. The program provides a \$16,000 incentive for homebuyers to purchase a primary residence in targeted areas in New Jersey. These targeted areas, established by the New Jersey Housing and Mortgage Finance Agency, share similar rates of seriously delinquent mortgage loans, negative equity, short sales, and foreclosures.
- *Investment Test*

The FDIC also commended Investors Bank for its “excellent level of qualified community development investment, grants and donations, particularly those not routinely provided by private investors.”<sup>71</sup> Investors Bank received an “Outstanding” rating in the Investment category and was described in the FDIC Evaluation as having good responsiveness to credit and community economic development needs.

With respect to CD investments, the FDIC cited Investors Bank’s 981 qualified investments during the evaluation period, consisting of 23 new equity investments of \$131.7

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<sup>70</sup> FDIC Evaluation at 22–23.

<sup>71</sup> FDIC Evaluation at 25.

million, 916 qualified donations of \$7 million and 42 prior period equity investments still outstanding of \$112 million. The FDIC recognized that most qualified investments involved affordable housing, with a significant number of community service donations and grants as well. The FDIC noted that Investors Bank's qualified investment activity was higher than two highly regarded peers.

The FDIC Evaluation cited, among other things, Investors Bank's purchase of \$69 million of Fannie Mae mortgage-backed securities, consisting primarily of mortgages made to LMI borrowers. The FDIC also referenced numerous donations benefitting the assessment area.

Of particular note are Investors Bank's Charitable Foundation, established in 2005, and the Roma Community Bank Foundation, acquired through a 2013 merger (the "Foundations"). The Foundations support charitable causes and community development activities within Investors Bank's assessment area through grants and donations to cultural, educational and social service organizations.

A central focus of Investors Bank and the Foundations is working with local groups in the communities served by Investors Bank to provide support for education, health and human services and affordable housing. Along with financial contributions, in kind donations are also made. Both Investors Bank and the Foundations work to give their grantees maximum flexibility in use of awarded funds with minimal expense. Many grants not only benefit LMI grantees directly, but also indirectly.

Examples of recipients of Foundation donations include:

- ACCION of New York and New Jersey (a nonprofit agency boosting local economic development through loans and advisory services to individuals and businesses without access to traditional sources of credit);
- All Stars Project-Joseph A. Forgione Development School for Youth;
- American Red Cross;
- Bloomfield College (for a new Center for Academic Development);
- Brick and East Orange Police Athletic Leagues;
- Collier Youth Services (an agency supporting summer programs for disadvantaged youth);
- Community Access Unlimited (an agency providing support services for at-risk youth);
- Episcopal Community Development, Inc.;
- Housing Partnership of Morris County;
- JFK Hospital Foundation, Edison, New Jersey;

- La Casa de Don Pedro, Newark (a community-based development corporation);
  - Liberty Science Center, Jersey City;
  - Masterwork Chorus (Morris County);
  - Middlesex County Community College;
  - Morris Habitat for Humanity;
  - New Jersey Battered Women's Service;
  - New Jersey Citizen Action;
  - New Jersey Symphony;
  - Paper Mill Playhouse;
  - Plainfield Area YMCA;
  - Playwrights Theater, Madison;
  - Save Latin America Inc., Union (an Hispanic community civic organization);
  - Seton Hall University;
  - Somerset County Coalition on Affordable Housing;
  - Special Olympics New Jersey;
  - Township of Irvington;
  - United Negro College Fund;
  - United Way of Ocean County; and
  - Yogi Berra Museum and Learning Center.
- *Service Test*

The FDIC also considered Investors Bank's performance under the Service Test and issued a "High Satisfactory" rating. The FDIC Evaluation emphasized that Investors Bank's retail delivery systems are reasonably accessible to all portions of its assessment areas, including LMI census tracts. The FDIC noted Investors Bank's competitive branch business hours and that alternative delivery systems (e.g., ATMs, telephone, internet and mobile banking) supplemented branch accessibility. The FDIC further indicated that Investors Bank's record of opening and

closing branches had improved the accessibility of its delivery systems, particularly in LMI geographies and/or individuals.

The FDIC concluded that Investors Bank has a relatively high level of CD services in its assessment area. Examples cited include the following:

- An Investors Bank officer annually participates as a presenter in three non-profit conferences for leaders of local entities that assist LMI individuals and businesses. Several Investors Bank employees also participate in panel discussions to share ideas and strategies, as well as explore topics such as grant writing and financial tools for success for small businesses;
- A senior vice president of Investors Bank offers banking expertise serving as a board member of an organization that supports local economies and strengthens communities through job creation and business development;
- Investors Bank participates in both Interest on Lawyers Trust Accounts (“IOLTA”) and Interest on Lawyer Accounts (“IOLA”) by providing interest-bearing escrow accounts for client deposits. Earnings on these accounts are disbursed on the attorney’s behalf to support the New Jersey IOLTA Fund or New York IOLA Fund. Proceeds from the accounts are used to support free and legal services to low-income individuals with civil legal problems affecting their most basic needs, such as food, shelter, jobs, and access to health care;
- A vice president of Investors Bank provides financial expertise by serving on the board of a HUD-certified housing counseling agency that addresses local housing needs. The majority of users of this agency have household incomes that are at or below the poverty level;
- A number of officers and staff of Investors Bank are involved in seminars providing regular credit counseling, homebuyer training, and financial literacy education to LMI individuals living within Investors Bank’s assessment area. Employees conduct the seminars throughout various bank branch locations to audiences ranging from five to over a hundred participants;
- Investors’ general counsel serves on the board of a housing development fund that channel investments into low-income communities by creating flexible financing to develop affordable housing for seniors, families in need, and the mentally disabled;
- Since 2016, an Investors Bank branch manager has served on the Leadership Council committee of a local chapter of a national non-profit affordable housing organization; and

- A senior loan officer of Investors Bank was a keynote speaker for a CRA seminar at a local affordable housing authority located in a moderate-income census tract within this assessment area.

Investors Bank also strongly encourages volunteerism among its employees. Examples of employee volunteerism include participation in toy and food drives with the United Way and Salvation Army, and help with fund raising drives for the March of Dimes, American Heart Association and other local and regional charitable causes.

- *Investors Bank's CRA Activities Since the FDIC Evaluation*

Following the conclusion of Investors Bank's FDIC Evaluation in 2017 there has been a continued effort by Investors Bank to expand upon the success seen through the CRA testing areas. Focus has been placed on those assessment area geographies expanded through acquisition as well as those represented by urban and majority-minority tracts. Additionally, Investors Bank provided critical capital funding to small businesses throughout the height of the COVID-19 pandemic by working with the SBA to support \$335 million in PPP loans.

Investors Bank maintains a robust CD loan portfolio—commercial real estate continues to be a focal point, with many loans made to non-profit organizations as well. Since the FDIC Evaluation, Investors Bank has originated 224 CD loans, providing over \$881 million to projects primarily in support of affordable housing.

Investors Bank's CRA investment thesis remains concentrated on LMI homebuyers and affordable housing. In the three years following the FDIC Evaluation, Investors Bank made 22 new investments totaling over \$128 million. Investors Bank remains active through its Foundations' investments as well. These grant dollars fund programs, back financial literacy campaigns and drive capacity-building efforts in both large and small non-profits throughout Investors Bank's assessment area. The Investors Charitable Foundation has provided 964 grants to community service, affordable housing and economic development initiatives totaling approximately \$5 million.

Examples of several impactful grants since the last FDIC Evaluation include:

- NJ Citizens Action – support of project initiatives to address the urgent need for assistance in the wake of COVID-19, providing free services to over 15,000 LMI residents in New Jersey. Services include housing counseling, financial coaching and assistance in accessing health care & income support;
- Family Promise of Summit Co. – support of programs to end family homelessness and supportive housing;
- Junior Achievement of NJ – multi-year support of JA BizTown financial literacy programming for elementary-aged youth;
- Hudson County Economic Development Corp. – support of multiple

programs to fund small business and train entrepreneurs on loan programs within LMI and majority minority markets with a focus on women and minority-owned businesses; and

- PARTNER (Perth Amboy Redevelopment Team for Neighborhood Enterprise and Revitalization) – economic revitalization efforts to support blighted LMI geography through land purchases and to educate LMI families about the benefits of homeownership.

Investors Bank continues to be an active community partner with volunteer efforts spread across all aspects of its footprint. These activities were heavily centered on COVID-19 relief during 2020. With the expansion of pandemic qualified CD activities, Investors Bank responded with volunteerism centered on food insecurity. Community partnerships allowed for Investors Bank’s officers to join with large and small non-profits. Examples of these volunteer partnerships include: (i) Nourish, NJ; (ii) YMCA – Perth Amboy, Raritan Bay, Monmouth Co., Red Bank, Gloucester Co; and (iii) United Way – PA / Southern NJ.

In addition, beginning in 2017, Investors Bank partnered with EverFi, the leading social impact education technology company, to bring financial education resources to the communities served. Investors Bank offers online financial education courses for employees as well as consumers and small businesses through its internal and customer facing websites. More recently, beginning in 2020, Investors Bank partnered with EverFi to co-sponsor, along with Zelle, a three-year financial education program geared towards high school students. The Money Moves: Modern Banking & Identity Protection program is a digital learning experience designed to empower high school students with the knowledge they need to make informed financial decisions and thrive in an ever-changing digital world. The modules encourage students to bank responsibly in the digital age, protect their identities, and learn ways to secure their financial futures. The Money Moves program online digital courses are available, at no cost to schools, in Essex, Hudson, Middlesex and Union counties in New Jersey.

During the 2020-2021 academic year, Investors Bank successfully partnered with 11 schools which incorporated the Money Moves digital courses into their curriculums that served 482 students completing over 1,900 financial education modules. Examples of such schools include:

- Essex County: Technology High School; West Essex High School;
- Hudson County: James J. Ferris High School; William L. Dickinson High School;
- Middlesex County: Dunellen High, J.F. Kennedy Memorial High School; and
- Union County: Alexander Hamilton Preparatory Academy; Rahway High School; Thomas A. Edison Career and Technical Academy; Union County Teams Charter; Westfield Senior High.



### 3. CRA Compliance Following the Merger

CBNA and Investors Bank have commenced community outreach efforts, with the objective of identifying and better understanding the range of lending, investment, and service opportunities in the communities to be served by CBNA post-Transaction.

Following Closing, CBNA will continue its existing CRA commitments, along with those of Investors Bank in their respective existing AAs. CBNA will continue its successful processes, policies, procedures, and technology platforms to maintain a strong, comprehensive, and sustainable CRA program for the bank going forward. After the Transaction, CBNA will continue to strive for excellence in being responsive to community development needs in the communities it serves.

As referenced above, CBNA's CRA program has been awarded an "Outstanding" CRA rating by the OCC. Following the acquisition, CBNA will maintain its CRA program and expand the geographic coverage to include Investors Bank's AAs. Specifically, CBNA will expand all targeted CRA product offering to Investors Bank markets, including its flagship CRA loan program Destination Home Mortgage, Closing Cost Assistance Program, Goal Builder Home Equity Loan program, and Advantage Link small business loans. Additionally, CBNA will expand its robust CD Lending and Investment capabilities into Investors Banks AAs. Lastly, CBNA will add dedicated staff members in CD Market Management, CD Lending, and CRA Mortgage Loan Officer teams to cover newly acquired markets following the Investors acquisition.

CBNA's lending opportunities, investments, and services will be provided to each of CBNA's AAs, which will include all current AAs of both CBNA and Investors Bank. Please see Public Exhibit 16 for the changes to CBNA's CRA AAs at Closing, as a result of the Transaction.

Following the Merger, CFG will continue its strong commitment to serving its customers and to meeting the needs of LMI communities. The Transaction is expected to provide additional benefits to the public, as the communities and customers that are currently served by CFG and Investors will be even better served as a result of the Transaction. In addition, post-Transaction, CFG will continue to support charitable activities in the communities currently served by Investors' Foundations.

### 4. Fair Lending

CFG understands the significance of fair lending for its customers and the communities it serves. Accordingly, CFG maintains a robust fair lending program, which it plans to retain after consummating the Transaction and implement across the combined organization. This fair lending program will retain the current CFG program's risk framework to identify, prevent, detect, and respond to fair lending issues and regulatory changes in ways that ensure full compliance with applicable laws, including the Home Mortgage Disclosure Act, Fair Housing Act, Community Reinvestment Act, Equal Credit Opportunity Act and anti-predatory lending requirements of the Truth in Lending Act.

CFG's Office of Fair Banking is responsible for, and has authority to coordinate, implement and manage, CFG's Fair Lending Policy and Fair Lending Program and in that vein:

(i) conducts comprehensive fair lending risk assessments, (ii) maintains policies and procedures designed to ensure compliance with applicable laws, (iii) conducts training (including business line-specific training) that underscores ethical and fair service for customers as a cornerstone of CFG's culture, emphasizing product choice, fair pricing and terms and clear disclosures, and (iv) oversees independent reviews, corrective action plans and customer complaint management processes. The Office of Fair Banking will continue to maintain, assess and oversee these fair lending-related policies, programs and processes as applied to the combined organization upon completion of the Transaction.

#### 5. Convenience and Needs

The Transaction will combine two complementary franchises and will enable CFG to invest in advanced technologies and innovation to deliver an enhanced client experience that better serves the convenience and needs of the communities in which it operates. Both CFG and Investors prioritize customer service, community reinvestment, and active community involvement, as demonstrated in Section V.F.

- *Credit Availability*

Following the Transaction, CFG would continue to have a strong base of stable core deposit funding, with additional deposit growth opportunities supported by its expanded footprint and limited reliance on higher-cost wholesale funding. The increased size of the balance sheet of CFG will enable CBNA to offer larger amounts of credit to individual customers while maintaining risk appropriate levels of concentrations. Overall portfolio limits will also be able to be increased, providing the flexibility to offer credit to more customers given the enhanced diversification CFG's balance sheet.

- *Products and Services*

The current suite of products and services offered by CFG and Investors will continue to be available following the Closing. As part of the integration process led by the Integration Management Office, there will be an evaluation of specific product offerings, and in some cases for products that are retained, customers will be mapped to a similar product on CFG's platform. Investors and Investors Bank customers will benefit from CFG's larger regional footprint, branch and ATM locations and broader suite of products and services, and CFG and customers will also gain access to Investors Bank's experience and capabilities in certain areas, for example with respect to Investors Bank's co-op lending franchise. In addition, Investors and Investors Bank's regional expertise as well as their commercial real estate and mortgage finance capabilities will complement CFG's experience and capabilities in a wide range of consumer banking products and services (e.g., student loans, point-of-sale financing and wealth management products and services) as well as commercial banking products and services (e.g., treasury solutions, capital markets products and services, diversified commercial and industrial lending, etc.). Furthermore, as noted above, the increased size of CFG's balance sheet will facilitate increased lending to customers following completion of the Transaction.

In addition, CFG is committed to serving its customers' evolving needs through technological innovation, and the Transaction will enable CFG to deliver more digitally

innovative products to Investors and Investors Bank customers, including through its customer experience-oriented, advanced technology online and mobile platforms. Further, the integration of the respective technology platforms for CFG and Investors will result in an enhanced platform for Investors' customers with respect to cybersecurity and personal data protections and information technology resiliency.

- *Environmental, Social, and Governance Efforts*

For information on CFG's ESG efforts please see Section V.B.6 above.

- *Consumer Complaint Management*

For information on CFG's consumer complaint management system, please see Section V.B.5 above.

- *Branching*

The Transaction will benefit the legacy customers of Investors and CFG by providing them with more extensive branch and ATM networks. CBNA has bank branches in multiple states in which Investors Bank currently does not operate as described Section V.E above. In addition, in the states in which both operate, there will be more available branches to the customers of each party. CBNA and Investors Bank believe that customers will be well served by the resulting branch network upon consummation of the Transaction. Please see Public Exhibit 17 for a list of the current main office, branch offices ATMs of Investors Bank.

The expanded branch footprint is one of the primary drivers underlying the strategic purpose of the Transaction, given the minimal overlap between CBNA and Investors Bank locations. CFG is reviewing the post-Transaction branch footprint of CBNA and has determined there will be limited redundancies, but the review is ongoing. In considering post-Transaction branch locations, CBNA will take into account the impact of any changes on LMI communities and minimize any such impact. CBNA does not expect any branch changes to reduce access to banking for the communities it serves.

- *Competition*

The Transaction will result in a combined institution with a broader customer base, which will be able to develop or enhance products and services and compete more effectively with other financial institutions. To the extent that CFG will be a more effective competitor, there will be greater competition for pricing, available services, service quality, and new product development. As a result, all levels and types of consumers of financial products and services will benefit.

## **VI. PUBLICATION CRITERIA**

Notice under the BHC Act and Regulation Y required in connection with this Application will be published in the following newspapers:

*The Providence Journal* serving CFG's and CBNA's main office; and

*The Star Ledger* serving Investors' and Investors Bank's main office.

A copy of the form of notice to be published is attached as Public Exhibit 6. Affidavits of publication for each of the above notices will be submitted once they are received from each of the newspapers.

## **VII. CONCLUSION**

CFG believes that the foregoing discussion, together with the information contained in this Application and the attached Exhibits, amply demonstrates that the Transaction satisfies all applicable statutory standards and would produce substantial benefits for the two banking organizations and their employees, customers, and communities. Therefore, CFG submits that the Board has the authority to approve this Application and respectfully requests the Board to do so at the earliest opportunity.

## RESPONSES TO THE FORM FR Y-3 INFORMATION REQUEST ITEMS

### I. Proposed Transaction

**1 Describe the transaction's purpose. Identify any changes to the business plan of the Bank/Bank Holding Company to be acquired or the Resultant Institution. Identify any new business lines.**

- a) *Transaction Purpose.* The purpose of the Transaction is to create a leading regional financial services company that can better serve the clients and communities of Investors and CFG. Through the Transaction, CFG seeks to expand its branch base and brand reach in New Jersey and New York, and expand on its commercial lending and fee opportunities in the region. The Transaction and the HSBC Branch Acquisition, collectively, will allow CFG to “fill the gap” between its existing branches by connecting its branches in New England to the Mid-Atlantic market and adding to CFG’s leadership position in Philadelphia.
- b) *Business Plans.* The business plans of CFG and CBNA following the Transaction will not differ materially from their current business plans apart from the expanded geographic scope of their operations as a result of the Transaction.
- c) *Business Lines.* CFG currently does not anticipate initiating new products, business lines, or operations as part of the Transaction that either CFG or Investors does not engage in at present, although CFG will further evolve some of its existing business lines in connection with its integration of Investors, for example with respect to multi-family lending. With its broader geographic reach, greater size, capabilities, and breadth of products post-Transaction, CFG will be able to offer a more comprehensive suite of products and services for middle market/small business and consumer clients.

Please see Section III of the Preliminary Statement for additional responsive information.

**2 Provide the following with respect to the Bank/Bank Holding Company to be acquired:**

**a. Total number of shares of each class of stock outstanding;**

As of July 27, 2021, there were 247,601,465 shares of Investors Common Stock issued and outstanding. In addition, as of July 27, 2021, (i) 5,107,536 shares of Investors Common Stock were issuable upon the exercise of outstanding Investors Options, (ii) 1,417,731 shares of Investors Common Stock were outstanding Investors Restricted Shares and (iii) 17,518,764 shares of Investors Common Stock were available for issuance under the Investors Stock Plans.

- b. Number of shares of each class now owned or under option by the applicant, by subsidiaries of the applicant, by principals of the applicant, by trustees for the benefit of the applicant, its subsidiaries, shareholders, and employees as a class, or by an escrow arrangement instituted by the applicant;**

To the best of CFG's knowledge, none of CFG, its subsidiaries or principals, nor any trustee for the benefit of any of the foregoing or employees of CFG or its subsidiaries (as a class), owns or holds an option to acquire any shares of Investors (other than shares CFG or its subsidiaries holds in a trust or fiduciary capacity for the benefit of unaffiliated third parties).

- c. Number of shares of each class to be acquired by cash purchase; the amount to be paid, per share and in total; and the source of funds to be applied to the purchase;**

As discussed in Section II of the Preliminary Statement, each share of Investors Common Stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive (i) 0.297 shares of CFG Common Stock and (ii) \$1.46 in cash. Holders of Investors Common Stock will receive cash in lieu of fractional shares. CFG will fund the cash consideration portion of the Merger Consideration and cash payable in lieu of fractional shares with funds on hand.

- d. Number of shares of each class to be acquired by exchange of stock, the exchange ratio, and the number and description of each class of Applicant's shares to be exchanged; and**

As discussed in Section II of the Preliminary Statement, each share of Investors Common Stock issued and outstanding immediately prior to the Effective Time will be converted into the right to receive (i) 0.297 shares of CFG Common Stock and (ii) \$1.46 in cash.

Further, at the Effective Time:

- each Investors Option under the Investors Stock Plans outstanding immediately prior to the Effective Time, will be converted into an option to purchase a CFG Option equal to the product (rounded down to the nearest whole number) of (x) the number of shares of Investors Common Stock subject to such Investors Option immediately prior to the Effective Time and (y) the Investors Equity Award Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (A) the exercise price per share of Investors Common Stock of such Investors Option immediately prior to the Effective Time *divided by* (B) the Investors Equity Award Exchange Ratio; and
- each Investors Restricted Share under Investors' 2015 Equity Incentive Plan will be converted into a number of CFG Restricted

Shares equal to the Investors Equity Award Exchange Ratio (rounded to the nearest whole number).

The “Investors Equity Award Exchange Ratio” is equal to the sum of (A) the Exchange Ratio and (B) the quotient obtained by dividing (x) the Per Share Cash Consideration by (y) the volume weighted price of shares of CFG Common Stock quoted on the NYSE on each of the last twenty trading days ending on the day which is the fifth trading date immediately preceding the date that the Effective Time occurs.

Except as specifically provided in the Merger Agreement, following the Effective Time, each CFG Option and CFG Restricted Share will generally continue to be governed by the same terms and conditions as were applicable thereto immediately prior to the Effective Time.

Based on the number of shares of Investors Common Stock outstanding as of July 27, 2021, upon consummation of the Merger, CFG expects to issue approximately 73.5 million shares of CFG Common Stock to Investors stockholders (not including shares of CFG Common Stock reserved for issuance in respect of converted Investors equity awards described above).

The aggregate value of the Transaction is approximately \$3.5 billion.<sup>72</sup>

- e. A copy of the purchase, operating, share- holder, trust or other agreements associated with the proposed transaction. Also, provide the expiration dates of any contractual arrangement between the parties involved in this application and a brief description of any unusual contractual terms, especially those terms not disclosed elsewhere in the application. Note any other circumstances that might affect timing of the proposal.**

A copy of the Merger Agreement is attached as Public Exhibit 1.<sup>73</sup> A certified copy of the resolutions approving the transactions contemplated by the Merger Agreement, including the Merger, adopted by the CFG Board and the CBNA Board is attached as Public Exhibit 4, and a certified copy of the resolutions adopted by the board of directors of Investors Board and

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<sup>72</sup> This amount is based on the closing price of CFG Common Stock on July 27, 2021 of \$44.32 (*i.e.*, immediately prior to the public announcement of the Transaction). Please also refer to note 2 in Public Exhibit 7 for a discussion of the estimated reduction of 6 million in Investors’ shares in connection with the liquidation of Investors’ Employee Stock Ownership Plan.

<sup>73</sup> In connection with its entry into the Merger Agreement, CFG has filed with the Securities and Exchange Commission (the “SEC”) a Form 8-K dated July 28, 2021, *available at* <https://www.sec.gov/ix?doc=/Archives/edgar/data/759944/000075994421000103/cfg-20210728.htm> and Investors has filed with the SEC a Form 8-K dated February 21, 2021, *available at* <https://www.sec.gov/ix?doc=/Archives/edgar/data/1594012/000119312521226716/d197972d8k.htm>, in each case in connection with its entry into the Merger Agreement.

the Investors Bank Board approving the transactions contemplated by the Merger Agreement, including the Merger, is attached as Public Exhibit 5.

A copy of the Bank Merger Agreement is attached as Public Exhibit 2. A certified copy of the resolutions approving the Bank Merger adopted by the CBNA Board and by CFG, as sole stockholder of CBNA, are attached as Public Exhibit 4, and a certified copy of the resolutions approving the Bank Merger adopted by the Investors Bank Board is attached as Public Exhibit 5.

For a summary of the principal terms of the Merger Agreement, please see Section II of the Preliminary Statement. There are no unusual contractual terms. The End Date of the Merger Agreement is July 28, 2022, which may be extended to October 28, 2022 by either CFG or Investors under certain circumstances if the Required Regulatory Approvals have not been obtained by the End Date.

- 3 If the proposed transaction is an acquisition of assets and assumption of liabilities, indicate the total price and the source of funds that Applicant intends to use for the proposed purchase, and discuss the effect of the transaction on the operations of Applicant.**

Not applicable.

- 4 If the proposed transaction involves the acquisition of an unaffiliated banking operation or otherwise represents a change in ownership of established banking operations, describe briefly the due diligence review conducted on the target operations by the applicant. Indicate the scope of and resources committed to the review, explain any significant adverse findings, and describe the corrective action(s) to be taken to address those weaknesses.**

Please see Confidential Exhibit 5 for the response to this item.

- 5 Provide a list of all regulatory approvals and filings required for the proposed transaction and the status of each filing.**

Please see Section II.D of the Preliminary Statement for the response to this item.

- 6 Provide a copy of any findings, orders, approvals, denials or other documentation regarding the proposed transaction issued by any regulatory authority.**

There is no such documentation regarding the Transaction issued by any regulatory authority.

- 7 For applications filed pursuant to section 3(a)(1) of the BHC Act, if the proposed transaction would result in an organization other than a shell one-**



bank holding company, submit a pro forma organization chart showing the applicant's percentage of ownership of all banks and companies, both domestic and foreign, in which it directly or indirectly will own or control more than 5 percent of the outstanding voting shares.

Not applicable. This Application is filed pursuant to sections 3(a)(3) and 3(a)(5) of the BHC Act.

## II. Financial and Managerial Information

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- a. For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction, provide a parent company balance sheet as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheet. The pro forma balance sheet should reflect the adjustments required under business combination and fair value accounting standards;

Not applicable.

- b. For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction provide parent company and consolidated balance sheets as of the end of the most recent quarter, showing separately each principal group of assets, liabilities, and capital accounts; debit and credit adjustments (explained by detailed footnotes) reflecting the proposed transaction; and the resulting pro forma balance sheets; and

The financial information provided should be prepared in accordance with GAAP, and be in sufficient detail to reflect any:

- Common equity and preferred stock;
- Other qualifying capital;
- Long- and short-term debt;
- Goodwill and all other types of intangible assets;
- Material changes between the date of the balance sheet and the date of the application (explained by footnotes).

Please see Confidential Exhibit 1 for the response to this item.

- c. **Provide a broad discussion on the valuation of the target entity and any anticipated goodwill and other intangible assets. Also discuss the application of fair value and any election to apply push-down accounting adjustments, as appropriate.**

As announced, the total Merger Consideration valued Investors at approximately \$3.5 billion or \$14.64 per share,<sup>74</sup> representing an 11.6% market premium over Investors' closing share price of \$13.12 on July 26, 2021. This is equivalent to 11.1 times Investors' 2022 analyst earnings estimates and 1.3 times Investors' tangible book value. On July 28, 2021, Morgan Stanley & Co. delivered an opinion to the CFG Board that this price is fair to CFG and its stockholders.

Investors Bank and its subsidiaries will be merged into CBNA, and Investors will not continue as a stand-alone entity after the completion of the Transaction. Therefore, Investors Bank will not have separate financial statements subsequent to the Transaction for which pushdown accounting could be applied. Thus, the option to apply pushdown accounting is not relevant.

For information relating to anticipated goodwill and other intangible assets, please see Confidential Exhibit 1.

- 9 **For an applicant that is or would be subject to consolidated capital requirements under Regulation Q (12 CFR part 217) following consummation of the proposed transaction, provide a breakdown of the organization's existing and pro forma risk-weighted assets as of the end of the most recent quarter, showing each principal group of on and off-balance sheet assets and the relevant risk-weight. Also, identify the existing and pro forma components of common equity tier 1, additional tier 1 and tier 2 capital pursuant to the capital adequacy regulations as of the end of the most recent quarter, and provide calculations of applicant's existing and pro forma common equity tier 1 capital, tier 1 capital, total capital, and leverage ratios pursuant to the capital adequacy regulations. If applicable, also provide the applicant's existing and pro forma supplementary leverage ratio pursuant to the capital adequacy regulations.**

Please see Confidential Exhibit 1 for the response to this item.

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<sup>74</sup> This amount is based on the closing price of CFG Common Stock on July 27, 2021 of \$44.32 (*i.e.*, immediately prior to the public announcement of the Transaction). Please also refer to note 2 in Public Exhibit 7 for a discussion of the estimated reduction of 6 million in Investors' shares in connection with the liquidation of Investors' Employee Stock Ownership Plan.

**10 Provide for Applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal:**

- a. A description of any plans (in connection with the proposed transaction, or otherwise) to issue, incur, or assume additional common equity, preferred stock, other qualifying capital, and/or debt. Specify the amount, purpose, name and location of the issuer and/or lender; provide a copy of any loan agreement, loan commitment letter from the lender, or other underlying agreement which provides the interest rate, maturity, collateral, and proposed amortization schedule; and discuss what resources would be used to service any debt or capital instruments arising from the proposed transaction; and**

Please see Section II of the Preliminary Statement for a description of the CFG Common Stock that CFG expects to issue as part of the Merger Consideration in connection with the Transaction.

CFG expects to assume Investors' outstanding 6.50% Fixed to Floating Rate Subordinated Notes due October 1, 2027 in an aggregate principal amount of \$13,500,000.

- b. Cash flow projections under the following limited circumstances;**

- (i) For an applicant that is or would be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt in the proposal such that parent company long-term debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the parent company for each of the next three years, along with supporting schedules for each material cash receipt and disbursement. If an applicant projects that dividends or other payments from subsidiary banks will be used to service parent company debt and/or other obligations, provide projections of subsidiary bank(s) assets, earnings, and dividends, as well as common equity tier 1, additional tier 1, total capital, and leverage ratios (including the supplementary leverage ratio, if applicable) pursuant to the capital adequacy regulations. If the combined assets of the subsidiary banks exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement, subsidiary bank data may be shown on an aggregate basis.**

Not applicable.

- (ii) For an applicant that is not or would not be subject to consolidated capital standards following consummation of the proposed transaction and that would incur or assume any debt or other obligations in the proposal such that parent company debt would exceed 30 percent of parent company equity capital, provide cash flow projections for the**

parent company for each of the next twelve years, along with supporting schedules for each material cash receipt and disbursement. These projections must clearly demonstrate the ability of the parent company to reduce the debt to equity ratio to 30 percent or less within twelve years of consummation and must take into account the schedule of principal reduction required by the parent company's creditor(s). Include projections of subsidiary bank(s) assets, earnings, dividends, and other payments to affiliates, as well as common equity tier 1 capital, tier 1 capital, total capital and leverage ratios. Explain the methods and assumptions utilized in the projections, and support all assumptions that deviate from historical performance.

Not applicable.

- c. **If the proposed transaction results in a change in ownership of the company (e.g., due to an exchange of stock), provide a current and pro forma shareholders list.**

Please see Section IV.E of the Preliminary Statement for the response to this item.

- d. **If the subject transaction will be funded in whole, or in part, through the issuance of additional stock instruments, describe the current status of the stock raising efforts. Provide copies of the prospectus, private placement memorandum, and other documents associated with the capital raise. In addition, provide copies of any stock commitments, subscription agreements, or escrow account statements evidencing capital raised. Before submitting a final application, please contact the appropriate Reserve Bank to discuss the timing considerations of the capital raising efforts with regard to submission of the application.**

CFG will supplement this Application with a copy of the registration statement on Form S-4 that CFG will file with the SEC in connection with the issuance of shares of CFG Common Stock in exchange for shares of Investors Common Stock.

- 11 For applications filed pursuant to section 3(a)(1) of the BHC Act, provide for the applicant and the Bank a list of principals (including changes or additions to this list to reflect consummation of the transaction), providing information with respect to each as follows:**

- a. **Name and address (City and State/Country). If the principal's country of citizenship is different from his or her country of residence, then state the country of citizenship;**
- b. **Title or positions with the applicant and Bank;**

- c. **Number and percentage of each class of shares of the applicant and the Bank owned, controlled, or held with power to vote by this individual;**
- d. **Principal occupation if other than with the applicant or the Bank; and**
- e. **Percentage of direct or indirect ownership, if such ownership represents 10 percent or more of any class of shares, or positions held in any other depository institution or depository institution holding company. Give the name and location of such other depository institution or depository institution holding company. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect.)**
- f. **Interagency Biographical and Financial Reports (IBFRs) are required for certain individuals. Consult with the appropriate Reserve Bank for guidance on who should provide an IBFR. See SR 15-8 Name Check Process for Domestic and International Applications for more details; and**
- g. **If the principal is a corporation or partnership, provide financial statements (balance sheets and income statements) for the two most recent fiscal years and the most recent quarter end. Discuss any negative trends in the financial statements.**

Not applicable. This Application is being filed under sections 3(a)(3) and 3(a)(5) of the BHC Act.

**12 For applications filed pursuant to sections 3(a)(3) or 3(a)(5) of the BHC Act, list any changes in management or other principal relationships for the applicant and any other Bank(s)/Bank Holding Company(ies) that would result from the proposal. For any existing or proposed principal of the applicant or Bank/Bank Holding Company that is also a principal of any other depository institution or depository institution holding company, provide the following information:**

- a. **Name, address, and title or position with Applicant, Bank/Bank Holding Company, and the other depository institution or depository institution holding company (give the name and location of the other depository institution or depository institution holding company);**
- b. **Number and percentage of each class of shares of the applicant and the Bank/Bank Holding Company owned, controlled, or held with power to vote by this individual;**
- c. **Principal occupation if other than with the applicant or the Bank/Bank Holding Company;**
- d. **Percentage of direct or indirect ownership held in the other depository institution or depository institution holding company if such ownership**

**represents 10 percent of more of any class of shares. (Information that has been collected or updated within the past 12 months may be submitted, unless Applicant has reason to believe that such information is incorrect); and**

- e. **For any new (to applicant) principal shareholders, directors, or senior executive officer, provide an IBFR including completion of all required financial information.**

Please see Section II.C, Section II.E and Section V.B.4 of the Preliminary Statement for information on the pro forma principal shareholders, directors and senior executive officers of CFG and CBNA upon consummation of the Transaction.

As discussed therein, CFG and Investors have agreed that (i) Kevin Cummings, the current Chairman & Chief Executive Officer and directors of Investors, and (ii) Michele Siekerka, a current independent director of Investors, will each be added to the CFG Board.

Prior to the Effective Time, the CFG Board will take all actions necessary to appoint the Investors Designated Directors to the CFG Board and, upon such appointment, the Investors Designated Directors will also join the CBNA Board effective as of the Effective Time. Subject to the CFG Board's fiduciary duties to CFG stockholders, CFG will take all necessary action to nominate the Investors Designated Directors for election to the CFG Board in the proxy statement relating to the first annual meeting of the stockholders of CFG following the Effective Time.

Also, effective as of the Effective Time, and subject to such person's compliance with the terms of their applicable employment agreement, (i) Domenick A. Cama, the current President & Chief Operating Officer of Investors, will serve as the Co-Head of Integration, NYC Metro President for CBNA and (ii) Richard S. Spengler, the current Senior Executive Vice President & Chief Lending Officer of Investors, will serve as Executive Vice President, Commercial Banking for CBNA. CFG does not anticipate that either of the foregoing persons will be members of the CFG and CBNA Executive Committee.

No principal of CFG, CBNA, Investors, or Investors Bank is a principal of any another insured depository institution or insured depository institution holding company.

- 13 If the consolidated assets of the resulting organization are less than the asset threshold of the Board's Small Bank Holding Company Policy Statement for each principal of the applicant who either would retain personal indebtedness**

or act as guarantor for any debt that was incurred in the acquisition of shares of the applicant or the Bank/Bank Holding Company, provide the following:

- a. Name of borrower and title, position, or other designation that makes the borrower a principal of the applicant;
- b. Amount of personal indebtedness to be retained;
- c. A description of the terms of the borrowing, the name and location of the lender, and a copy of any related loan agreement or loan commitment letter from the lender;
- d. Statement of net worth as of a date within three months of the applicant's final filing of the application. The statement of net worth should be in sufficient detail to indicate each principal group of assets and liabilities of the reporting principal, and the basis for the valuation of assets (provide supporting documentation, as appropriate). In addition to debts and liabilities, the reporting principal should state on a separate schedule, any endorsed, guaranteed, or otherwise indirect or contingent liability for the obligation of others; and
- e. Statement of most current year's income. In addition to indicating each principal source of annual income, the reporting principal should list annual fixed obligations arising from amortization and other debt servicing. (If the most current year's statement is not representative of the future, the reporting principal should submit a pro forma income statement and discuss the significant changes and the basis for those changes.)

Not applicable. The total banking assets of the resulting organization will exceed the asset threshold of the Board's Small Bank Holding Company Policy Statement.

- 14 Describe any litigation or investigation by local, state, or federal authorities involving the applicant or any of its subsidiaries or the target or any of its subsidiaries that is currently pending or was resolved within the last two years.

Please see Public Exhibit 9 and Confidential Exhibit 7 for the response to this item with respect to CFG and CBNA, and Public Exhibit 10 and Confidential Exhibit 8 for a response to this item with respect to Investors and Investors Bank.

### III. Competition

If the subject transaction is a bank holding company formation involving only one bank or an application filed pursuant to section 3(a)(3) or 3(a)(5) of the BHC Act to acquire a de novo bank, a response to items 15 and 16 is not required. Otherwise, the applicant should contact the appropriate Reserve

Bank to determine whether a response to items 15 and 16 will be necessary. If a response is required, the applicant should obtain a preliminary definition of the relevant banking markets from the appropriate Reserve Bank. If the applicant disagrees with the Reserve Bank's preliminary definition of the banking market(s), it may in addition to supplying the information requested on the basis of the Reserve Bank's definition of the banking market(s), include its own definition of the banking market(s), with supportive data, and answer the questions based on its definition. If later analysis leads Federal Reserve staff to alter the preliminary definition provided, the applicant will be so informed.

- 15** Discuss the effects of the proposed transaction on competition considering the structural criteria specified in the Board's Rules Regarding Delegation of Authority (section 265.11c(11)(v)). The applicant may be required to provide additional information if Federal Reserve staff determines that the proposal exceeds existing competitive guidelines. Also, if divestiture of all or any portion of any bank or nonbanking company constitutes part of this proposal, discuss in detail the specifics and timing of such divestiture.

Please see Section V.A of the Preliminary Statement for the response to this item.

- 16** If the proposal involves the acquisition of non-bank operations under sections 4(c)(8) and 4(j) of the Bank Holding Company Act, a Form FR Y-4 should be submitted in connection with FR Y-3 filing. At a minimum, the information related to the nonbank operations should include the following:

- a. A description of the proposed activity(ies);
- b. The name and location of the applicant's and the Bank's direct or indirect subsidiaries that engage in the proposed activity(ies);
- c. Identification of the geographic and product markets in which competition would be affected by the proposal;
- d. A description of the effect of the proposal on competition in the relevant markets; and
- e. A list of major competitors in each affected market.

Not applicable. CFG intends to acquire the nonbank operations of Investors under sections 4(c)(1) and 4(k) of the BHC Act and the Board's implementing regulations.

**In addition, the applicant should identify any other nonbank operations to be acquired, with brief descriptions of the activities provided.**



Please see Section II.D and Section IV.C of the Preliminary Statement for the response to this item. In addition, a pro forma organization chart of CFG and CBNA is attached as Public Exhibit 15 and a list of Investors subsidiaries is attached as Public Exhibit 12.

- 17 In an application in which any principal of the applicant or the Bank/Bank Holding Company is also a principal of any other insured depository institution or depository institution holding company, give the name and location of each office of such other institution that is located within the relevant banking market of the Bank/Bank Holding Company, and give the approximate road miles by the most accessible and traveled route between those offices and each of the offices of Bank/Bank Holding Company.**

Not applicable.

**IV. Convenience and Needs**

- 18 Describe how the proposal would assist in meeting the convenience and needs of the community(ies) to be served, including but not limited to the following:**
- a. Summarize efforts undertaken or contemplated by the applicant to ascertain and address the needs of the community(ies) to be served, including community outreach activities, as a result of the proposal.**
  - b. For the combining institutions, list any significant anticipated changes in services or products offered by the depository subsidiary (ies) of the applicant or target that would result from the consummation of the transaction.**
  - c. To the extent that any products or services of the depository subsidiary (ies) of the applicant or target would be offered in replacement of any products or services to be discontinued, indicate what these are and how they would assist in meeting the convenience and needs of the communities affected by the transaction.**
  - d. Discuss any enhancements in products or services expected to result from the transaction.**

Please see Section V.F.5 of the Preliminary Statement for a response to this item.

- 19 Describe how the applicant and resultant institution, including its depository subsidiary (ies) would assist in meeting the existing and anticipated needs of its community(ies) under the applicable criteria of the Community Reinvestment Act (CRA) and its implementing regulations, including the needs of low- and moderate- income geographies and individuals. This**

**discussion should include, but not necessarily be limited to, a description of the following:**

- a. The significant current and anticipated programs, products, and activities, including lending, investments, and services, as appropriate, of the depository subsidiary (ies) of the applicant and the resultant institution.**

Please see Section V.F of the Preliminary Statement for information on the CRA performance records of CBNA and Investors Bank, including the products and programs that are designed to meet the needs of LMI communities and individuals.

- b. The anticipated CRA assessment areas of the depository subsidiary(ies) of the combined institution. If assessment areas of the depository subsidiary(ies) of the resultant institution would not include any portion of the current assessment area of that subsidiary, describe the excluded areas.**

Please see Public Exhibit 16 for the changes to CBNA's CRA AAs at Closing, as a result of the Transaction.

- c. The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction.**

Please see Section V.F.3 of the Preliminary Statement for a discussion of the plans for administering CFG's CRA program upon consummation of the Transaction.

- d. The plans for administering the CRA program for the depository subsidiary (ies) of the resultant institution following the transaction. For a subsidiary of the applicant or target that has received a CRA composite rating of "needs to improve" or "substantial noncompliance" institution-wide or, where applicable, in a state or multi-state Metropolitan Statistical Area (MSA), or has received an evaluation of less than satisfactory performance in an MSA or in the non- MSA portion of a state in which the applicant is expanding as a result of the transaction, describe the specific actions, if any, that have been taken to address the deficiencies in the institution's CRA performance record since the rating.**

Please see Section V.F of the Preliminary Statement for the response to this item. Neither CFG nor Investors received a CRA composite rating of "needs to improve" or "substantial noncompliance" either on an institution-wide basis or with regard to a state or MSA in its most recent CRA evaluation.

- 20 List all offices of the depository subsidiary (ies) of the applicant or target that (a) will be established or retained as branches, including the main office, of the target's depository subsidiary (ies), (b) are approved but unopened branch(es) of the target's depository subsidiary (ies), including the date the current**

**federal and state agencies granted approval(s), and (c) are existing branches that will be closed or consolidated as a result of the proposal (to the extent the information is available) and indicate the effect on the branch customers served. For each branch, list the popular name, street address, city, county, state, and zip code specifying any that are in low- and moderate-income geographies.**

Please see Section V.F.5 of the Preliminary Statement for the response to this item. In addition, please see Public Exhibit 17 for a list of the current main office, branch offices and ATMs of Investors Bank that would become branches or ATMs of CBNA.

**V. Interstate Banking**

**21 If the transaction involves the acquisition of a bank located in a State other than the home State of the applicant, please provide the following information, as applicable:**

- a. Identify any host state(s) involved with this transaction that require the target to be in operation for a minimum number of years and discuss compliance with this age requirement.**
- b. Discuss compliance with nationwide and statewide deposit concentration limits to the transaction.**
- c. Discuss compliance with state-imposed deposit caps.**
- d. Discuss compliance with community reinvestment laws.**
- e. Discuss any other restrictions that the host state(s) seek to apply (including state antitrust restrictions).**

Please see Section V.E of the Preliminary Statement for the response to this item.

**VI. Financial Stability**

**If either the acquirer or the target's total assets exceeds \$10 billion as of the most recent quarter for which data is available, address the following questions:**

**22 If either the acquirer or the target conducts any cross-border activities, please describe the nature of these activities and the amounts of cross-border assets and liabilities as of the most recent quarter for which data is available.**

Please see Section V.D.5 of the Preliminary Statement for the response to this item.

Neither CFG nor Investors has any material operations outside the United States and its foreign country exposure (exposure maintained with financial institutions, companies or individuals in a given country outside of the United States) is minimal and indirect.

- 23 For each financial service below, if the dollar volume related to the service provided either by the acquirer or the target exceeds \$1 billion, please report the annual volume over the past 12 months (otherwise, do not report).**

<b>Financial Service</b>	<b>Acquirer</b>	<b>Target</b>
<b>Short-term funding (e.g., in repos, fed funds)</b>		
<b>Underwriting services (e.g., equity, corporate bonds, commercial paper, ABS)</b>		
<b>Trading activities (e.g., equity, corporate bonds, derivatives)</b>		
<b>Payments, clearing, settlement, and custody services</b>		
<b>Prime brokerage</b>		
<b>Securities lending</b>		
<b>Corporate trust</b>		
<b>Correspondent banking</b>		
<b>Wealth management</b>		
<b>Insurance (including reinsurance)</b>		

Please see the Section V.D of the Preliminary Statement for a discussion of why the Transaction would not result in greater or more concentrated risks to the stability of the United States banking or financial system. In addition please see Confidential Exhibit 2 for the responsive information to this item.