



VIA EMAIL

This correspondence relates to the application filed on behalf of Citizens Financial Group, Inc., Providence, Rhode Island (“CFG”), to acquire Investors Bancorp, Inc. (“Investors”), and thereby indirectly acquire its subsidiary bank, Investors Bank, both of Short Hills, New Jersey, pursuant to sections 3(a)(3) and 3(a)(5) of the Bank Holding Company Act of 1956, as amended. Based on staff’s review of the current record, the following additional information is requested. Please provide responses to the following items, including those in the Confidential Annex. Supporting documentation should be provided, as appropriate.

Financial and Managerial

1. Discuss CFG’s plans with respect to policies, procedures, staffing and oversight of the combined organization. In particular, discuss any contemplated changes to CFG’s risk-management policies, procedures, and controls upon consummation of the proposed transaction.
2. Discuss any plans to modify the services or products currently offered by Citizens Bank, NA (“CBNA”), Providence, Rhode Island, or Investors Bank following consummation of the proposed transaction.
3. Provide pro forma asset quality concentration ratios for CFG and Citizens Bank (including commercial real estate, commercial & industrial, multi-family and indirect auto lending) in comparison to total capital based on financial data as of June 30, 2021.
4. The application describes that actions CFG and Investors have each taken to mitigate the impacts of the COVID-19 pandemic on each entity’s respective customers, employees, communities and business. Describe the expected plans to mitigate risks associated with the COVID-19 pandemic on the combined organization following the consummation of the proposed transactions.
5. Public Exhibit 12 provides a list of Investors’ subsidiaries. Please describe in greater detail the purpose and activities of Investors’ subsidiaries “My Way Development LLC” and “Investors Financial Services Inc.”

6. Indicate whether Investors Bank’s subsidiaries “My Way Development LLC” and “Investors Financial Services Inc” engage in activities other than holding bank premises and describe any additional activities. Describe in detail the purpose for Investors Bank holding branch properties in separate subsidiaries.

Consumer, Community Reinvestment Act, and Convenience and Needs

7. The application states that “Investors and Investors Bank customers will benefit from CFG’s... broader suite of products and services.” Please discuss the products and services that would be made available to customers of Investors Bank that are not currently made available by Investors Bank.
8. Discuss any community development lending, investment, or service initiatives of CFG that would be offered in the markets of Investors Bank that are not currently offered by Investors Bank.
9. Confirm whether any current community development lending, investment, or service initiatives of Investors or Investors Bank would be discontinued.
10. In CFG’s supplement to the application dated September 15, 2021 (“Supplement”), CFG indicates that it expects to consolidate one branch of Investors Bank that is located in a low- or moderate-income (“LMI”) tract in connection with the proposed transaction. For this LMI branch:
 - a. Indicate whether it is located in a majority-minority census tract area.
 - b. Discuss whether the receiving branch is readily accessible to customers of the branch to be closed, including whether there are any natural or manmade barriers that would impede access to individuals with limited transportation resources, such as highways, railroad tracks, bodies of water, or industrial areas.
 - c. Describe any efforts that CFG or the combined institution plan to undertake in order to mitigate the impact of the consolidation on the affected community, such as offering expanded hours, providing services commonly used or requested by members of the relevant community, or offering alternative delivery services such as ATMs or mobile banking.
11. Provide the following information about the branches that CFG has identified would be consolidated or closed in connection with the proposed transaction:

- a. For each branch anticipated to be closed or consolidated, indicate whether each branch is located in a distressed or underserved nonmetropolitan middle-income census tract, majority-minority census tract, or rural area.¹
 - b. For each of the branches identified as being in a distressed or underserved nonmetropolitan middle-income census tract, a majority-minority census tract, or a rural area, discuss whether the receiving branch is readily accessible to customers of the branch to be closed, such as by highway, public transit, or walking access, including whether there are any natural or manmade barriers that would impede access to individuals with limited transportation resources, such as highways, railroad tracks, bodies of water, or industrial areas.
 - c. For each of the branches identified as being in a distressed or underserved nonmetropolitan middle-income census tract, a majority-minority census tract, or a rural area, describe any efforts that CFG or the combined institution plan to undertake in order to mitigate the impact of the closing, consolidation, or relocation on the affected community, such as offering expanded hours, providing services commonly used or requested by members of the relevant community, or offering alternative delivery services such as ATMs or mobile banking.
 - d. For each of the branches identified as closing or consolidating, provide the estimated timeframe in which CNBA, Investors Bank, or the combined institution expect to submit a notice of branch closure under section 42 of the Federal Deposit Insurance Act.²
12. The Supplement states that Investors Bank will follow applicable regulatory requirements and supervisory guidance concerning notifications to regulators and affected customers for branch closures and consolidations. Provide copies of any applicable policies and procedures of CNBA or Investors Bank related to branch closing, consolidation, and relocation.
13. Understanding that final decisions may not have been made in all areas of consumer compliance, please indicate the extent to which the programs of CNBA and/or Investors Bank have been identified for implementation at the combined bank, including:

¹ For each of the branches identified as being in a rural area, provide the criteria used to categorize the area as being rural. An example of a method for identifying rural areas is the Rural-Urban Commuting Area Codes provided by the Department of Agriculture, <https://www.ers.usda.gov/data-products/rural-urban-commuting-area-codes.aspx>.

² 12 U.S.C. 1831r-1.

- a. Compliance risk management;
- b. Third party oversight;
- c. Board and senior management oversight;
- d. Auditing;
- e. Training;
- f. UDAAP compliance; and
- g. CRA administration.

If final decisions are made regarding these programs during the pendency of this application, please provide an update to Federal Reserve staff.

Competition

14. Identify the name and location of branches that CFG proposes to acquire from HSBC.

For each such branch:

- a. Provide the deposit amount associated with the branch (as of 6/30/2020); and
- b. Provide the total loan origination amount to small businesses (a business or farm with gross annual revenues of \$1 million or less) in 2019 and 2020 associated with the branch.

Financial Stability³

15. Provide a list of activities and products in which CFG either plans to initiate new operations or expand existing operations subsequent to the closing of the proposed transaction. In addition, discuss how any new or expanded operations would affect the combined organization's:

- a. Commercial lending (expected volume increase)
- b. Lending to SMEs (expected volume increase)
- c. Syndicated funded commitments (expected volume increase)
- d. Syndicated pipeline commitments (expected volume increase)
- e. Consumer lending (expected volume increase)
- f. Real estate (mortgage) lending (expected volume increase)
- g. Underwriting activities (expected volume increase)
- h. Broker-dealer activities (expected volume increase)

³ Unless otherwise noted, data requested should be as of June 30, 2021.

16. For Investors, provide the total amount for each of the following FR Y-15 line items. For both CFG and Investors, separately, provide the five largest counterparties rolled up to the parent company and their corresponding amounts.
- a. Total short-term wholesale funding, by maturity (Y890, Y891, Y892, Y893)
 - b. Average risk-weighted assets (Y895)
 - c. Short-term wholesale funding metric (Y896)
17. Public Exhibit 8 identifies certain activities of CFG and Investors, with measures of the scale of the activities stated in U.S. dollars for the year-to-date ended June 30, 2021, and ended December 31, 2020. For each of the following activities, identify whether CFG or Investors is involved in the activity, discuss the nature of this involvement, and provide a brief listing of other firms that engage in the same activity in the United States. For both CFG and Investors, separately, provide measures of the scale of each activity specified, for **both** the **most recent quarter** and the **most recently completed year**. Measures should be stated **both** in **U.S. dollars** and as **a share of overall U.S. activity**; derivatives should be stated as notional dollar amounts. Responses may be confined to information maintained in the regular course of business.
- a. Short-term lending
 - i. Reverse bilateral repurchase agreements (volume)
 - ii. Reverse tri-party repurchase agreements (volume)
 - iii. Fed funds (volume)
 - iv. Tri-party repo dealing (volume)
 - b. Commercial lending
 - i. Syndicated lending (volume)
 - ii. Syndicated pipeline commitments (volume)
 - iii. Lending to small and medium-sized enterprises (volume)
 - iv. Unfunded commitments (volume)
 - c. Underwriting services
 - i. Issuance of new equities (volume)
 - ii. Corporate bonds (volume)
 - iii. Commercial paper (volume)
 - iv. Asset backed securities (volume)
 - v. Other debt securities (volume)
 - d. Total provisions of services in the following sectors.
 - i. Prime brokerage (number of funds and fund sponsors, and total assets under management)

- ii. Securities lending (report value of securities lent as a custodian and securities lent from trading book)
 - iii. Corporate trust
 - iv. Correspondent banking
 - v. Wealth management (total assets under management)
 - vi. Insurance (by segment, including reinsurance)
18. Provide a list of the top five Level 3 Asset categories included in item G506 of form FR Y-15 and the corresponding amounts for both CFG and Investors, separately.
19. Provide Investors' Method 1 score as of June 30, 2021, calculated pursuant to the Board's GSIB surcharge rule (see 12 CFR part 217, subpart H).
20. Provide the volume of total deposits, core deposits, brokered deposits, and uninsured deposits for both CFG and Investors, separately.
21. In the event of failure, explain how CFG, subsequent to the proposed transaction and other recently announced transactions that would increase its scope, can be resolved within reasonable limits of cost, time, and difficulty.

Legal

22. Provide affidavits of publication for the newspaper notice when available.
23. Article 7 of the Agreement and Plan of Merger, dated as of July 28, 2021, by and between CFG and Investors ("BHC Agreement") provides that the BHC Agreement may be terminated if the proposed merger has not been consummated by July 28, 2022 (the "End Date"), provided that the End Date may be extended to October 28, 2022 by either CFG or Investors by written notice to the other party under certain conditions. In CFG's public announcement of the proposed transaction on July 28, 2021,⁴ CFG has indicated that the proposed transaction is expected to close in the first or second quarter of 2022.

⁴ See <https://investor.citizensbank.com/about-us/newsroom/latest-news/2021/2021-07-28-111512138.aspx>.



Identify CFG's anticipated closing date for the proposed transaction and explain the rationale for targeting such date.

24. Indicate whether CFG or CBNA, is subject to any State community reinvestment laws. If so, discuss CFG's and/or CBNA's record of compliance with such laws, including the date of CFG's and/or CBNA's most recent evaluation and their ratings, as applicable.
25. Section 7.02(b) of the BHC Agreement states that the termination fee associated with the transaction is \$140 million. However, the joint resolution of the board of directors of Investors and Investors Bank states that the termination fee is \$145 million. Clarify the amount of the termination fee.
26. Public Exhibit 9 (the CFG and CBNA Litigation Summary) includes a matter titled CFPB v. Citizens Bank, N.A. Describe the allegations of the CFPB in this matter and provide a detailed update on the status of the litigation.

Please provide your response addressed to the undersigned within eight business days of the date of this letter. Any information for which confidential treatment is desired should be so labeled and separately bound in accordance with Section 261.17 of the Board's Rules Regarding Availability of Information. If you have any questions, please contact Leon White of the Board's Division of Supervision and Regulation at 202-728-5852, Laura Bain of the Board's Legal Division at 202-736-5546, Ken Williams of the Board's Division of Consumer and Community Affairs at 202-452-3136, or Maggie Bota of the Federal Reserve Bank of Boston at 617-973-3520.

A handwritten signature in black ink, appearing to read "Maggie Bota".

Maggie Bota
Senior Risk Analyst

cc: Inner City Press/Fair Finance Watch