



March 24, 2022

CRA Decision #229
April 2022

Mr. Mitchell S. Eitel, Partner
Sullivan and Cromwell, LLP
125 Broad Street
New York, New York 10004

Re: Application by Citizens Bank, National Association, Providence, Rhode Island, to merge with Investors Bank, Short Hills, New Jersey

OCC Control No. 2021-LB-Combination-323024
Charter No. 24571

Dear Mr. Eitel:

The Office of the Comptroller of the Currency (OCC) hereby approves the application by Citizens Bank, National Association, Providence, Rhode Island (Citizens Bank or Bank), to merge with Investors Bank, Short Hills, New Jersey (Investors Bank), with Citizens Bank as the resulting bank. The merger will occur promptly after the consummation of the proposal by Citizens Bank's top-tier parent holding company, Citizens Financial Group, Inc., to acquire Investors Bancorp, Inc. (the Holdco Merger). This OCC approval is contingent upon approval by the Board of Governors of the Federal Reserve System, under the Bank Holding Company Act of 1956, as amended, of the Holdco Merger.

The OCC received two comments on the proposed merger transaction. The OCC carefully considered the concerns of the commenters as they relate to the statutory and regulatory factors considered by the OCC in acting on the application, including performance under the Community Reinvestment Act (CRA), and the probable effects of the transaction on the convenience and needs of the communities to be served. The public comments are discussed below.

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application and by those of the Bank's representatives.

I. Legal Authority for the Transaction

The OCC reviewed the proposed transaction under the criteria of the BMA, 12 USC 1828(c), and applicable OCC regulations. Among other matters, we found that the proposed transaction would not have significant anticompetitive effects. We also considered the financial and

managerial resources of the banks, their future prospects, their effectiveness in combating money laundering activities, the convenience and needs of the communities to be served and the risk of the transaction to the stability of the United States banking or financial system. Furthermore, the OCC reviewed the Bank's record of compliance with the Community Reinvestment Act, 12 USC 2903(a)(2), as discussed in further detail below. The OCC may not approve a merger if the resulting insured depository institution (including all insured depository institutions which are affiliates of the resulting insured depository institution), upon consummation of the transaction, would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States. We considered these factors and found them consistent with approval.

As part of the merger transaction, Citizens Bank seeks approval to retain the majority of the branches of Investors Bank. The branch acquisitions are authorized under 12 USC 36(b)(2) and (c).

The merger transaction is legally authorized as an interstate merger transaction under the Riegle-Neal Act, 12 USC 215a, 12 USC 215a-1 and 1831u(a), and the resulting bank is authorized to retain and operate branch offices of Investors Bank under 12 USC 36(d) and 1831u(d)(1).

II. Community Reinvestment Act and Convenience and Needs

In evaluating this proposed transaction, the OCC has carefully considered (i) Citizens Bank's most recent CRA performance evaluation (PE); (ii) information available to the OCC as a result of its supervisory responsibilities; (iii) written public comments; and (iv) information Citizens Bank provided in response to the public comments.

A. Community Reinvestment Act

The OCC considers the filer's CRA record of performance in helping meet the credit needs of its communities, including low-and moderate-income (LMI) neighborhoods, when evaluating applications under the Bank Merger Act (BMA), 12 USC 1828(c).¹ Accordingly, the OCC considered Citizens Bank's CRA PE. Based on this review, the OCC concluded that Citizens Bank's record of CRA performance is consistent with approval of the application.

In the most recent CRA PE dated September 30, 2019 (2019 CRA PE),² Citizens Bank received an overall CRA rating of "Outstanding" as well as "Outstanding" ratings for the lending test,

¹ See 12 CFR 5.33(e)(1)(iii)(A); see also 12 CFR 25.02(a)(3).

² The OCC evaluated Citizens Bank as a large institution for the evaluation period beginning January 1, 2016 and ending December 31, 2018. In evaluating the bank's lending performance, the OCC reviewed home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA) and small loans to businesses reported under the CRA. All home mortgage products were reviewed, and conclusions reached in the aggregate. In each state where the bank has an office, one or more AAs within that state was selected for a full-scope review. A copy of the 2019 CRA PE is available at <http://www.occ.gov/static/cra/craeval/Jul20/24571.pdf>.

service test,³ and investment test based on ratings in two Multistate Consolidated Statistical Areas (MCSAs), the Boston-Worcester-Providence-MA-RI-NH-CT MCSA (Boston MCSA) and the New York-Newark, NY-NJ-CT-PA MCSA (New York MCSA), and eight states (Connecticut, Delaware, Massachusetts, Michigan, New Hampshire, New York, Ohio, and Vermont). The major factors supporting this rating included: (i) lending levels that reflected excellent responsiveness to the credit needs the assessment areas; (ii) adequate to good geographic distribution of loans; (iii) leadership in making community development (CD) loans and providing CD services; (iv) excellent level of qualified CD investment and grants and excellent responsiveness to credit and community economic development needs; (v) good to excellent distribution of loans among individuals of different income levels and businesses of different sizes; and (vi) service delivery systems that were accessible to geographies and individuals of different income levels.

B. Convenience and Needs

Under the BMA, the OCC also considers the convenience and needs of the communities served by the resulting bank.⁴ Though the bank's CRA performance and the probable effects of the proposed transaction on the convenience and needs of the communities to be served are interrelated, as explained in the "Public Notice and Comments" booklet of the *Comptroller's Licensing Manual* (November 2017), consideration of a bank's CRA performance primarily looks to how the bank has performed in the past. A convenience and needs assessment considers how the combined bank will help to meet the needs of its community on a prospective basis.⁵ The OCC has concluded that approval of the transaction is consistent with the needs of the communities that the resulting bank will serve.

III. Public Comments and Analysis

A. Summary of Public Comments and Analysis

The OCC received public comments from two commenters opposing the proposed transaction.

Both commenters expressed concern about the transaction based on Investors Bank's lending record. The commenters referenced the FDIC's recent conditional approval for Investors Bank's acquisition of eight branches from Berkshire Bank in which it required that Investors Bank develop and approve an Action Plan to ensure that its home mortgage lending adequately addresses the credit needs of all segments of its market areas, specifically majority-minority census tracts and Blacks throughout its assessment areas. In its response, Citizens Bank noted that to the extent there are issues at Investors Bank, Citizens Bank's well-recognized community

³ The service test rating was based on the significant weighting of the Boston Multistate Combined Statistical Area (MCSA). Outstanding performance was noted in five rating areas, including the Boston MCSA, and High Satisfactory performance was noted in five rating areas.

⁴ See 12 USC 1828(c)(5); 12 CFR 5.33(e)(1)(ii)(C).

⁵ *Comptroller's Licensing Manual*, Public Notice and Comments (November 2017).

programs – as evidenced by its outstanding CRA rating – will only enhance the ability of the combined entity to address those issues.

With regard to Citizens Bank’s record, commenters expressed concern that the application did not adequately explain how the bank will meet the needs of the communities it will enter with this proposed acquisition and the recent HSBC acquisition.⁶ The commenters also raised concerns with: (i) Citizens Bank’s record of lending to LMI communities and Black and minority borrowers; (ii) Citizens Bank’s branch service in underserved New York City neighborhoods, specifically the Bronx; and (iii) Citizens Bank’s record with regard to fees, particularly overdraft fees.

Lending to LMI and Underserved Populations

One commenter expressed concern about Citizens Bank’s record of lending to Black and Hispanic borrowers in New York City.⁷

Citizens Bank noted that it offers standard home mortgage lending products (e.g., Conventional, FHA, VA, etc.); participates in state-specific bond programs (e.g., State of New York Mortgage Agency); and offers portfolio programs (e.g., Citizens Bank Destination Home Loan Program, Citizens Bank Closing Cost/Down Payment Assistance Program, and Citizens Bank GoalBuilder™ Home Equity Lines of Credit) that are specifically designed to meet the credit needs of LMI consumers and neighborhoods.

Citizens Bank also noted that it offers products serving smaller businesses in New York City. Citizens Bank noted that it will assess the small business lending opportunities in New York City and identify Community Development Financial Institutions (CDFIs) and mission driven community lending partners for beneficial referral relationships.

In addition, Citizens Bank noted that it will provide financial resources in the form of loans and equity investments for community development corporations, CDFIs, Small Business Investment Companies utilize tax credit tools (e.g., Low Income Housing Tax Credits, New Market Tax Credits, and Historic Tax Credits) to support housing and community development efforts in New York City. Citizens Bank noted that it will dedicate CRA Loan Officers, small business lenders, and Community Development Lending and Investment professions to partner with local

⁶ The commenters asked the OCC to deny the application until Citizens Bank develops a comprehensive CRA plan. Although under the CRA, the OCC evaluates a bank’s record of meeting the credit needs of its entire community, the CRA does not require banks to enter agreements with private parties. “Interagency Questions and Answers Regarding Community Reinvestment,” 81 Fed. Reg. 48,506 (July 25, 2016) (Q&A § __.29(b) -2).

⁷ The commenter compared Citizens Bank’s aggregate HMDA data to data for lenders making loans in New York City. Citizens Bank did not have a branch presence in New York City until the recent acquisition of the HSBC branches.

non-profit organizations, municipalities, and professional organizations that focus on serving the needs of LMI markets.

Branches

One commenter expressed concern that Citizens Bank will have only a limited branch presence in New York City’s low-income or majority Black and “Latinx” communities, particularly the Bronx. The commenter stated that Citizens Bank relies heavily on internet lending and internet banking and expressed concern that this not the best way to reach unbanked residents. The commenter urged Citizens Bank to offer in-person services to unbanked and underbanked New Yorkers and preserve and expand branches.

Citizens Bank stated its understanding that physical branches remain important even as many customers increasingly rely on mobile and digital channels for banking services. Citizens Bank noted that due to the limited overlap among the branches it seeks to acquire, only a small number would be considered for closure or consolidation. Citizens Bank represented that it has no plans to reduce the number of branch locations in the Bronx.

Overdraft Fees

One commenter expressed concern that Citizens Bank charges excessive fees, noting data indicating that Citizens Bank took in \$150 million in overdraft fees in 2020, and \$214 million in 2019. The commenter urged Citizens Bank to adopt a full set of best practices on all accounts that allow overdrafts, including not reordering transactions.

Citizens Bank represented that it offers multiple services to help customers avoid overdrafts, such as a \$5 Overdraft Pass with no fees imposed for overdrafts of \$5 or less, overdraft lines of credit or transfers from savings accounts, and a new program, Citizens Bank Peace of Mind, that gives customers an extra day to address an overdraft and avoid a fee. Citizens Bank represented that its “BankOn” product with no overdraft fees is in the final stages of development and will be introduced soon.

B. Request for Extension of Comment Period and Public Hearing

The commenters requested that if the OCC does not deny the application, it should extend the comment period to allow additional time to conduct research and further assess the concerns they noted along with Citizens Bank’s CRA activity and plans. The standard that applies to determine whether to extend the comment period is set forth in 12 CFR 5.10(b)(2). The OCC may extend a comment period if a person requesting additional time satisfactorily demonstrates that additional time is necessary to develop factual information that the OCC determines is needed for the filing, or the OCC determines that other extenuating circumstances exist.⁸ After careful consideration, the OCC determined not to extend the public comment period. None of the reasons set forth in

⁸ See 12 CFR 5.10(b)(2)(ii), (iii).

12 CFR 5.10(b)(2) as justification for extending the comment period were evident in connection with this application.

C. Summary of Consideration of Public Comments

The OCC has considered all of the facts of record, including Citizens Bank's CRA record of performance, the institutions' records of compliance with fair lending and other consumer protection laws, confidential supervisory information, information provided by Citizens Bank, and the public comments on the proposal. Based upon this review, the OCC finds the facts to be consistent with approval.

IV. Consummation Requirements

Please advise OCC Large Bank Licensing in writing ten (10) days in advance of the desired effective date for the merger transaction, so it may issue the necessary certification letter. The effective date must follow the applicable Department of Justice's injunction period and any other required regulatory approval, as applicable. The OCC will issue a letter certifying consummation of the transaction when we receive documentation that all other regulatory approvals, non-objections, or waivers have been obtained, as applicable. If the merger transaction is not consummated within six months from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the Bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how we handled this application. We would appreciate your response so we may improve our service. Please include the OCC control number on any correspondence related to this filing. If you have any questions, please contact Senior Licensing Patricia Roberts at (202) 649-6336 or patricia.roberts@occ.treas.gov, or Director for Large Bank Licensing Jason Almonte at (917) 344-3405 or by email at jason.almonte@occ.treas.gov.

Sincerely,

/s/

Stephen A. Lybarger
Deputy Comptroller for Licensing