



Comptroller of the Currency
Administrator of National Banks

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Licensing Activities

**Conditional Approval #1050
November 2012**

October 18, 2012

Pratin Vallabhaneni, Esq.
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Washington, D.C. 20004

Subject: Applications by Prudential Bank & Trust, FSB, Hartford, Connecticut, to make a distribution of capital and amend its charter (collectively the “Applications”)
Application Control Numbers: R1-2012-0060 and R1-2012-0061

Dear Mr. Vallabhaneni:

The Office of the Comptroller of the Currency (“OCC”) hereby conditionally approves the application submitted by Prudential Bank & Trust, FSB, Hartford, Connecticut (“PB&T” or “Applicant”), pursuant to 12 C.F.R. § 163.143, to make a capital distribution to its direct holding company, Prudential IBH Holdco, Inc. (“Holdco”), a wholly owned subsidiary of Prudential Financial Inc. (“Prudential”), Newark, New Jersey.

The OCC also hereby conditionally approves the application submitted by PB&T, pursuant to 12 C.F.R. §152.4, to amend its charter to limit its activities to trust and fiduciary related activities, and to change PB&T’s minimum number of required directors from seven to five.¹

These approvals are granted after a thorough evaluation of the Applications, other materials supplied by the Applicant’s representatives, and other information available to the OCC, including commitments and representations made in the Applications and during the application process. The OCC’s approval is also subject to the pre-consummation requirements and conditions set out herein.

The Applications

On May 11, 2012, PB&T submitted the Applications to make a distribution of capital and amend its charter pursuant to 12 C.F.R. §§ 163.143 and 152.4, respectively. These filings are related to a series of transactions contemplated as part of the Bank’s plan to limit its activities to trust and fiduciary activities in connection with Prudential and Holdco’s intention to deregister as savings

¹The Bank is also making other miscellaneous charter amendments.

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and loan holding companies. The OCC has already approved related deposit and asset transfer filings by PB&T.² Having sold the majority of its assets and transferred substantially all of its insured deposits, PB&T filed the Applications to distribute capital in the amount of \$230 million to its immediate parent, Holdco, and to amend its charter to limit its activities to trust and fiduciary related activities.

Under 12 C.F.R. § 163.146, the OCC may approve a capital distribution if the Federal savings association will be not less than adequately capitalized after the proposed distribution and the capital distribution is consistent with safety and soundness.³ The OCC has reviewed PB&T's application to make a capital distribution and finds approval consistent with regulatory criteria.

In order to adopt a charter amendment, a Federal savings association must comply with certain requirements outlined in 12 C.F.R. § 152.4. PB&T has complied with these requirements and the OCC finds approval of the proposed charter amendment consistent with regulatory criteria.

Section 1818 Conditions

These approvals are subject to the following conditions:

No later than one (1) business day after consummation, PB&T shall enter into a written Operating Agreement with the OCC on terms and conditions acceptable to the OCC and PB&T shall thereafter comply with the terms of the Operating Agreement.

No later than three (3) business days after the effective date of the Operating Agreement between PB&T and the OCC, PB&T shall enter into a Capital and Liquidity Support Agreement ("CSA") with Prudential and Holdco and the OCC on terms and conditions acceptable to the OCC, setting forth Prudential's and Holdco's obligations to provide capital and liquidity support to the Bank.

No later than three (3) business days after the effective date of the Operating Agreement between PB&T and the OCC, PB&T shall enter into a written Capital Assurance and Liquidity Maintenance Agreement ("CALMA") with Prudential and Holdco on terms and conditions acceptable to the OCC, setting forth Prudential's and Holdco's obligation to provide capital and liquidity support to PB&T if and when necessary. PB&T shall thereafter comply with the terms of such CALMA.

These conditions are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 U.S.C. § 1818. As such, these conditions are enforceable under 12 U.S.C. § 1818. Failure to comply with these conditions may also result in revocation of this approval.

² The OCC approved the transfer of certain assets on April 12, 2012 and approved the transfer of certain additional assets as well as the transfer of substantially all of the PB&T's insured deposits on May 18, 2012.

³ See 12 C.F.R. § 163.146. The proposed distribution also must not violate any statutory or regulatory prohibition or regulatory agreement or a condition imposed in connection with a prior OCC or OTS approval.

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Consummation Requirements

The approval set forth herein is granted based on our understanding that other regulatory approvals, non-objections or waivers with respect to all aspects of the proposed transaction will have been received prior to the transaction.

- **Capital Distribution**

Please refer to the Thrift Applications Handbook Section related to Capital Distributions. As a reminder, you must receive all regulatory approvals and submit copies of all such approvals to the Northeastern District Licensing Office prior to payment of the capital distribution.

If you decide not to complete the capital distribution, you must provide written notification within 10 days of the decision.

- **Charter Amendment**

Please refer to the Thrift Applications Handbook Section related to Charter and Bylaw Amendments. We understand that the proposed amendments will be presented to the Bank's shareholder(s) for approval. If the amendments are approved by the shareholder(s) please submit materials that set forth the effective date of the amendments.

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.

We have enclosed a letter requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

Pratin Vallabhaneni, Esq.
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If you have any questions, please contact Senior Licensing Analyst Sandya Reddy at (212) 790-4055 or sandya.reddy@occ.treas.gov.

Sincerely,

Stephen A. Lybarger

Stephen A. Lybarger
Deputy Comptroller for Licensing

Enclosure