



October 16, 2018

**Supervisory Condition Letter #2018-09  
November 2018**

Mr. John F. Woods  
Chief Financial Officer Citizens Bank, N.A.  
600 Washington Blvd.  
Stamford, CT 06901

Subject: Citizens Bank, N.A. Request to Submit Pro Forma Financial Data for DFAST 2019 Submission

Dear Mr. Woods:

This letter addresses your correspondence dated September 24, 2018, in which Citizens Bank, N.A. (CBNA) requests approval to submit pro forma financial data for the bank's Dodd-Frank Act Stress Test (DFAST) 2019 submission. On January 2, 2019, Citizens Bank of Pennsylvania (CBPA) is expected to be merged with and into CBNA. As discussed below, the OCC has determined that it is appropriate under its reservation of authority to grant approval for CBNA to use pro forma financial data for CBNA and CBPA on a combined basis as of December 31, 2018, as the starting point for the DFAST 2019 submission.

Discussion

On January 2, 2019, CBPA, a Pennsylvania state-chartered savings bank, is expected to be merged with and into CBNA, a national bank regulated by the OCC. The OCC approved the application for this transaction on July 3, 2018. CBNA will be the surviving entity and will remain subject to the OCC's stress testing regulation. Under 12 CFR 46.5(a), CBNA is required to submit annual stress test results to the OCC using financial data as of December 31 of the previous calendar year. Therefore, CBNA would use December 31, 2018, financial data for the DFAST 2019 submission, which would not reflect the merger.

The OCC has determined that it is appropriate to allow CBNA to use pro forma financials for CBNA and CBPA on a combined basis as of December 31, 2018, as the starting point for the DFAST 2019 submission. The subsequent 9-quarter projections also would reflect combined CBNA and CBPA results. A consolidated CBNA/CBPA projection would provide a more complete and useful assessment of the new entity's capital adequacy.

Conditions on Approval

The OCC has determined that it will allow CBNA to use pro forma financials for the DFAST 2019 submission, subject to the conditions set forth below. CBNA must meet these conditions unless otherwise notified by the OCC.

1. CBNA will use pro forma financials for CBNA and CBPA on a combined basis as of December 31, 2018, and submit stress test results to the OCC by April 5, 2019.
2. If the merger is not completed by April 5, 2019, then CBNA will submit stress test results for CBNA only rather than on a combined CBNNCBPA basis for the 2019 stress test cycle.

The above-listed conditions of this approval are "condition[s] imposed in writing [by the OCC] in connection with any application, notice, or other request" within the meaning of 12 USC 1818 and, as such, are enforceable under 12 USC 1818.

If you have any questions concerning this letter, please contact Acting Examiner-in-Charge Lara Santini at (401) 282-7341.

Sincerely,

/s  
Gregory Coleman  
Deputy Comptroller  
Large Bank Supervision