FRB Order No. 2013-11
December 3, 2013

FEDERAL RESERVE SYSTEM

Investors Bancorp, MHC
Short Hills, New Jersey

Investors Bancorp, Inc.
Short Hills, New Jersey

Order Approving the Acquisition of a Mutual Savings and Loan Holding Company

Investors Bancorp, MHC ("Investors MHC"), and Investors Bancorp, Inc. ("Investors Bancorp," and jointly with Investors MHC, "Investors"), both of Short Hills, New Jersey, have requested the Board's approval under section 4(c)(8) and 4(j) of the Bank Holding Company Act of 1956, as amended ("BHC Act"), and section 225.4 of the Board's Regulation Y[1] to acquire Roma Financial Corporation, MHC ("Roma MHC"), and Roma Financial Corporation ("RFC," and jointly with Roma MHC, "Roma"), both of Robbinsville, New Jersey, and thereby indirectly acquire Roma's subsidiary banks, Roma Bank, Robbinsville, New Jersey, and RomAsia Bank, South Brunswick Township, New Jersey. Immediately following the proposed acquisition, Roma Bank and RomAsia Bank would be merged into Investors Bancorp's subsidiary bank, Investors Bank, Short Hills, New Jersey.[2] Investors MHC also proposes to acquire the nonbanking subsidiaries of Roma.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (78 Federal Register 7784 (2013)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 4 of the BHC Act.

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[1] 12 U.S.C. §§ 1843(c)(8) and (j); 12 CFR 225.24.

[2] The mergers of Roma Bank and RomAsia Bank into Investors Bank are subject to the approval of the Federal Deposit Insurance Corporation ("FDIC") under the Federal Deposit Insurance Act. The FDIC approved the mergers on June 6, 2013.

Investors, with consolidated assets of approximately $13.8 billion, is the 84th largest insured depository organization in the United States, controlling approximately $8.7 billion in consolidated deposits. Investors Bank operates in New Jersey and New York. Investors Bank is the 10th largest depository institution in New Jersey, controlling deposits of approximately $7.3 billion, which represent 2.7 percent of the total deposits of insured depository institutions in the state.[3] Investors Bank is the 72nd largest insured depository institution in New York, controlling deposits of approximately $637 million, which represent less than 1 percent of the total deposits of insured depository institutions in the state.

RFC, with total consolidated assets of $1.7 billion, controls Roma Bank, which controls approximately $1.3 billion in deposits, and RomAsia Bank, which controls approximately $111 million in deposits. Roma Bank and RomAsia Bank operate in New Jersey. Roma Bank is the 28th largest insured depository institution in New Jersey, controlling deposits of approximately $1.3 billion, which represent less than 1 percent of the total deposits of insured depository institutions in that state. RomAsia Bank is the 119th largest insured depository institution in New Jersey, controlling deposits of approximately $111 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, Investors would become the 80th largest depository organization in the United States, controlling consolidated assets of approximately $15.4 billion, which represent less than 1 percent of the total amount of assets of insured depository institutions in the United States. In New Jersey, Investors Bank would become the seventh largest insured depository institution, controlling deposits of approximately $8.7 billion, which would represent 3 percent of the total deposits of insured depository institutions in the state.

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[3] Deposit data are as of June 30, 2013. Asset data are as of September 30, 2013. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

Factors Governing Board Review of the Transaction

The Board previously has determined by regulation that the operation of a savings association by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act.[4] The Board requires that savings associations acquired by bank holding companies or financial holding companies conform their direct and indirect activities to those permissible for bank holding companies under section 4(c)(8) of the BHC Act.[5] Investors has committed that Roma and the other nonbanking subsidiaries of Roma that it proposes to acquire engage in activities that will conform to those permissible under section 4 of the BHC Act and Regulation Y or be divested.

Section 4(j)(2)(A) of the BHC Act requires the Board to consider whether the proposed acquisition of Roma and its nonbanking subsidiaries "can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system."[6] As part of its evaluation of these factors, the Board reviews the financial and managerial resources of the companies involved, the effect of the proposal on competition in the relevant markets, the risk to the stability of the United States

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[4] 12 CFR 225.28(b)(4)(ii).

[5] A savings association operated by a bank holding company may engage only in activities that are permissible for bank holding companies under section 4(c)(8) of the BHC Act. 12 CFR 225.28(b)(4). In this instance, Investors will immediately merge Roma Bank and RomAsia Bank into Investors Bank and will not operate either savings association independently.

[6] 12 U.S.C. § 1843(j)(2)(A). Section 604(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1601 (2010), ("Dodd-Frank Act") added the "risk to the stability of the United States banking or financial system" to the list of possible adverse effects.

banking or financial system, and the public benefits of the proposal.[7] In acting on a notice to acquire a savings association, the Board reviews the records of performance of the relevant insured depository institutions under the CRA. In cases involving the interstate acquisition of an insured depository institution under section 4(c)(8) of the BHC Act, the Board must also consider the concentration of deposits on a nationwide basis.[8]

Competitive Considerations

As part of the Board's consideration of the factors under section 4 of the BHC Act, the Board has reviewed the competitive effects of Investors' acquisition of Roma and its nonbanking subsidiaries in light of all the facts of record. Investors and Roma compete directly in the Metro New York City and Philadelphia, Pennsylvania banking markets.[9] The Board has considered the competitive effects of the proposal in

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[7] See 12 CFR 225.26; see, e.g., Bank of America Corporation/Countrywide, 94 Federal Reserve Bulletin C81 (2008) ("Bank of America Order"); Wachovia Corporation, 92 Federal Reserve Bulletin C138 (2006); and BancOne Corporation, 83 Federal Reserve Bulletin 602 (1997).

[8] The Dodd-Frank Act amended section 4 of the BHC Act to provide that, in general, the Board may not approve an application by a bank holding company to acquire an insured depository institution if the home state of the target insured depository institution is a state other than the home state of the bank holding company and the applicant controls, or would control, more than 10 percent of the total amount of deposits of insured depository institutions in the United States. Dodd-Frank Act § 623(b), codified at 12 U.S.C. § 1843(i)(8). For purposes of the BHC Act, the home state of both Investors and Roma is New Jersey and therefore section 4(i)(8) of the BHC Act does not apply to this transaction. Also, as noted, consummation of the proposal would result in Investors controlling less than 1 percent of U.S. insured depository institutions.

[9] The Metro New York City banking market is defined as Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster, and Westchester counties, all in New York; Bergen, Essex, Hudson, Hunterdon, Middlesex, Mercer, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, and Warren counties, all in New Jersey; Monroe and Pike counties, all in Pennsylvania; Fairfield County, Connecticut; Bridgewater, Canaan, Cornwall, Kent, New Milford, North Canaan, Roxbury, Salisbury, Sharon, Warren, and Washington townships, including the cities of Cornwall Bridge, Fall Village, Lakeville, Marble Dale, New

these banking markets in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the banking markets, the relative shares of total deposits in insured depository institutions in the markets ("market deposits") controlled by Investors and Roma,[10] the concentration levels of market deposits and the increase in those levels, as measured by the Herfindahl-Hirschman Index ("HHI") under the Department of Justice Bank Merger Competitive Review Guidelines ("DOJ Bank Merger Guidelines"),[11] and other characteristics of the markets.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in the New York and Philadelphia banking markets. On consummation of the proposal, the banking markets

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Preston, Salisbury, and Washington Depot in Litchfield County, all in Connecticut; and Ansonia, Beacon Falls, Derby, Milford, and Seymour townships in New Haven County, Connecticut (the "New York banking market"). The Philadelphia, Pennsylvania banking market is defined as Bucks, Chester, Delaware, Montgomery, and Philadelphia counties, all in Pennsylvania, and Burlington, Camden, Cumberland, Gloucester, and Salem counties, all in New Jersey (the "Philadelphia banking market").

[10] Deposit and market share data are as of June 30, 2012, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989), and National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

[11] Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice ("DOJ") has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010 (see Press Release, Department of Justice (August 19, 2010), www.justice.gov/opa/pr/2010/August/10-at-938.html), the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified.

would remain moderately concentrated, as measured by the HHI, and numerous competitors would remain.[12]

In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all of the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the banking markets in which Investors and Roma compete directly or in any other relevant banking market. Accordingly, the Board has determined that competitive considerations weigh in favor of approval.

Financial, Managerial, and Other Supervisory Considerations

The Board considered the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, and earnings prospects, and the impact of the proposed funding of the

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[12] Investors operates the 18th largest depository institution in the New York banking market, controlling deposits of approximately $8.7 billion, which represent less than 1 percent of market deposits. RFC operates the 90th largest depository institution in the market, controlling deposits of approximately $1.06 billion, which represent less than 1 percent of market deposits. On consummation, Investors Bank would operate the 18th largest depository institution in the market, controlling weighted deposits of approximately $9.8 billion, which represent less than 1 percent of market deposits. The HHI would decrease by 1 point to 1444. Investors operates the 97th largest depository institution in the Philadelphia banking market, controlling deposits of approximately $22 million, which represent less than 1 percent of market deposits. RFC operates the 44th largest depository institution in the market, controlling deposits of approximately $230 million, which represent less than 1 percent of market deposits. On consummation, Investors Bank would operate the 28th largest depository institution in the market, controlling weighted deposits of approximately $483 million, which represent less than 1 percent of market deposits. The HHI would decrease by 4 points to 1029.

transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and the proposed integration of the operations of the institutions. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important.

The Board has considered the financial factors of the proposal. Investors and Investors Bank are well capitalized and would remain so on consummation of the proposed acquisition. The proposed transaction involves two holding company mergers. In the first merger, Roma MHC would merge with and into Investors MHC. The mutual members of Roma MHC would receive ownership interests in Investors MHC. In the second merger, RFC would merge with and into Investors Bancorp and each share of RFC's common stock would be cancelled and converted into the right to receive Investors Bancorp common stock based on an exchange ratio. Investors is in satisfactory condition, and the asset quality and earnings of Investors Bank, Roma Bank, and RomAsia Bank weigh in favor of approval. Based on its review of the record, the Board finds that the organizations have sufficient financial resources to effect the proposal.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Investors, Investors Bank, Roma, Roma Bank, and RomAsia Bank, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of other relevant bank supervisory agencies with the organizations and their records of compliance with applicable banking and anti-money-laundering laws. The Board also has considered Investors' plans for implementing the proposal.

Investors and Investors Bank are considered to be managed well. Investors' existing risk-management program and its directorate and senior management weigh in favor of approval. The directors and senior executive officers of Investors have substantial knowledge and experience in the banking and financial services sectors.[13] There will be no changes in the senior management of Investors following consummation of the proposed transaction.

Investors successfully integrated the banking operations of two insured depository institutions located in the New York, New York market into its operations in 2012. In addition to the proposed transaction, Investors MHC has filed an application to acquire another insured depository institution in the Sewell, New Jersey market in 2013.

Investors is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal. Investors would implement its risk-management policies, procedures, and controls at the combined organization. In addition, Investors' management has the experience and resources to ensure that the combined organization operates in a safe and sound manner, and Investors is proposing to integrate Roma Bank's and RomAsia Bank's existing management and personnel in a manner that augments Investors Bank's management.

Investors' integration record, managerial and operational resources, and plans for operating the combined institutions after consummation provide a reasonable basis to conclude that managerial factors weigh in favor of approval. Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal on balance weigh in favor of approval, as do the other supervisory factors.

Records of Performance Under the CRA and Fair Lending Laws

The Community Reinvestment Act ("CRA")[14] requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions'

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[13] On consummation, Investors' board of directors will include three additional directors from RFC's current board of directors. In addition, Investors Bank will form two advisory boards consisting of all of the current Roma Bank and RomAsia Bank directors, respectively, that will advise Investors Bank on the Roma Bank and RomAsia Bank market areas, deposit and lending activities, and customer relationships.

safe and sound operation.[15] The CRA requires the appropriate federal financial supervisory agency to take into account a relevant depository institution's record of meeting the convenience and needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.[16]

The Board has considered all the facts of record, including reports of examination of the CRA performance of Investors Bank, Roma Bank, and RomAsia Bank, data reported by Investors Bank, Roma Bank, and RomAsia Bank under the Home Mortgage Disclosure Act ("HMDA"),[17] other information provided by Investors, confidential supervisory information, and the public comment received on the proposal. The commenter objected to the proposal on the basis of the mortgage lending records of Investors Bank and Roma Bank as reflected in 2011 HMDA data.

A. CRA Performance Evaluations

As provided in the CRA, the Board evaluates the record of performance of an institution in light of examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions.[18] The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of meeting the credit needs of its entire community, including LMI neighborhoods.[19] An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.

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[14] 12 U.S.C. § 1842(c)(2); 12 U.S.C. § 2901 et seq.

[15] 12 U.S.C. § 2901(b).

[16] 12 U.S.C. § 2903.

[17] 12 U.S.C. § 2801 et seq.

[18] See Interagency Questions and Answers Regarding Community Reinvestment, 75 Federal Register 11642 at 11665 (2010).

[19] 12 U.S.C. § 2906.

CRA Performance of Investors Bank.

Investors Bank was assigned a "satisfactory" rating at its most recent CRA performance evaluation by the FDIC, in August 2011 ("Investors Evaluation"). Examiners concluded that Investors Bank demonstrated an adequate responsiveness to the credit needs of its assessment areas.[20] Investors Bank received a "high satisfactory" on the Lending Test, the Investment Test, and the Service Test.[21] The FDIC assigned Investors Bank a rating of "high satisfactory" for the Lending Test, noting that the bank's lending activity was good. Examiners found that Investors Bank's geographic distribution of loans was adequate, emphasizing the bank's concentration within the New York/New Jersey Multistate area and on residential real estate lending. Examiners also determined that Investors Bank had a good record of lending inside its assessment areas by number and dollar amount of loans. Examiners found that Investors Bank's community development lending performance was excellent. Examiners noted that Investors Bank was a leader in making community development loans, originating 32 development loans totaling $104.5 million for the period from June 2008 through August 2011. Furthermore, examiners highlighted Investors Bank's issuance of community development loans in the New York/New Jersey Multistate Metropolitan assessment area, which had the greatest weight of all areas in the analysis. Examiners also noted that Investors Bank engaged in innovative lending, where the bank offered down-payment assistance forgivable loans and down-payment assistance grants below market interest rate, without closing costs and with extended loan terms.

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[20] Examiners put the most weight on Investors Bank's 1-4 family lending performance in the New York/New Jersey Multistate assessment area because of Investors Bank's significant presence in that area.

[21] The evaluation period for the Lending Test in the Investors Evaluation was January 1, 2009 to June 30, 2011, except for community development loans, for which the evaluation period was from June 23, 2008 through August 9, 2011. The evaluation period for the Investment and Service Tests was from June 23, 2008 through August 9, 2011.

Concerning the Investment Test, examiners highlighted Investors Bank's significant level of qualified community development investments and grants in its assessment areas. In particular, examiners highlighted Investors Bank's purchase of mortgage-backed securities that consisted of underlying mortgage loans originated to LMI borrowers, and an equity investment by Investors Bank to establish the Investors Bank Charitable Foundation, which supports charitable causes and community development activities through grants and donations to cultural, educational, and social service organizations.

For the Service Test, examiners noted retail banking services were accessible to essentially all segments of Investors Bank's assessment areas, including LMI geographies. Examiners further emphasized that Investors Bank provided a relatively high level of community development services that were responsive to a variety of community development needs.

CRA Performance of Roma Bank.

Roma Bank was assigned a "satisfactory" rating at its most recent CRA performance evaluation by the Office of Thrift Supervision ("OTS") in December 2009 ("Roma Evaluation"), with ratings of "satisfactory" for the Lending Test and "outstanding" for the Community Development Test.[22] Examiners concluded that Roma Bank demonstrated an adequate response to community credit needs through assessment area lending and a strong response through community development activity.

Roma Bank was evaluated under the Intermediate Small Savings Association examination procedures by the OTS, with ratings assigned for the Lending Test and the Community Development Test. The OTS assigned Roma Bank a rating of "satisfactory" for the Lending Test, noting that the bank's lending activity was adequate. Examiners found that Roma Bank's geographic distribution of loans was not satisfactory

[22] The OTS evaluation was conducted under the Intermediate Small Savings Association examination procedures. The evaluation period for the Roma Evaluation was from January 1, 2007 through September 30, 2009.

and significantly deficient in lending to LMI borrowers. Examiners determined that Roma Bank had a good record of lending inside its assessment areas by number and dollar amount of loans. Examiners found that Roma Bank's community development lending performance was excellent.

Concerning the Community Development Test, examiners highlighted Roma Bank's significant level of community development services in its assessment areas. Furthermore, examiners highlighted Roma Bank's issuance of community development loans, which had significantly increased since the prior evaluation period. Additionally, examiners noted that Roma Bank maintained a reasonable level of qualified investments supporting community development activities in its assessment areas by making contributions through the Roma Community Foundation and maintaining a $2.47 million combined investment in mortgage-backed securities collateralized by loans to LMI borrowers within its assessment areas.

CRA Performance of RomAsia Bank.

RomAsia Bank was assigned a "satisfactory" rating at its most recent CRA performance evaluation by the Office of the Comptroller of the Currency ("OCC") in April 2012 ("RomAsia Evaluation"). Under the CRA performance criteria for small banks, which requires only the Lending Test, RomAsia Bank's performance was rated "satisfactory".

In assigning RomAsia Bank a rating of "satisfactory" for the Lending Test, the OCC examiners noted the bank's lending activity was adequate. Examiners found that RomAsia Bank's geographic distribution of home mortgage loans reflected a poor dispersion throughout its assessment areas, while distribution of small business loans reflected a reasonable dispersion. Examiners also determined that RomAsia Bank had a good record of lending inside its assessment areas by number and dollar amount of loans, including lending to borrowers of different income levels and businesses of different sizes.

Investors Bank's Efforts Since the 2011 CRA Evaluation.

According to Investors, since the Investors Evaluation, Investors Bank has increased its investment in CRA-qualified FNMA Mortgage Backed Securities, serving the credit needs of LMI borrowers within its assessment areas. Investors Bank currently plans to invest 1 percent of its assets in qualified community development investments and grants and has increased its percentage of assets invested from $57 million (0.59 percent of its assets) as of March 31, 2011, to $132 million (1.04 percent of its assets) as of February 28, 2013.[23] In addition, Investors stated that, in 2012, Investors Bank provided 186 small business loans totaling almost $54 million in its assessment areas. Investors also reported that, in 2012, Investors Bank provided 152 community development loans totaling over $435 million in its assessment areas.

Moreover, the FDIC reviewed Investors Bank's CRA performance in its review of the related Bank Merger Act application and found no inconsistencies with the purposes of the CRA.

B. Fair Lending Record

The Board has also considered the records of Investors Bank, Roma Bank, and RomAsia Bank in complying with fair lending and other consumer protection laws. This includes a review of their performance as detailed in the Investors, Roma, and RomAsia Evaluations. This also includes an evaluation of Investors Bank's fair lending policies and procedures and consideration of other agencies' views on Investors Bank's record of performance under fair lending laws. The Board also has taken into account the comment on the application.

Investors Bank's Fair Lending Program.

The Board considered information about Investors Bank's compliance and risk-management systems and the steps it has taken to ensure compliance with fair

[23] Investors represents that Investors Bank has invested over 1 percent of its assets in CRA-qualified FNMA Mortgage Backed Securities each quarter from June 30, 2012 through February 28, 2013.

lending laws. Investors Bank has instituted policies and procedures to help ensure compliance with all fair lending and other consumer protection laws and regulations. Given its recent growth through acquisitions, Investors Bank has recognized the need to ensure that its policies and procedures keep pace to ensure continued effective compliance and has increased its compliance staff since January 2013 from two to five people, which include a Director of Compliance, two Compliance Officers, and two Compliance Analysts. Investors Bank plans to increase its compliance staff by another two people upon closing the proposed acquisition.

Investors Bank recently underwent a fair lending risk assessment to analyze potential vulnerabilities in loan processes and controls. Investors Bank's legal and compliance risk management program includes (1) procedures to evaluate new laws and regulations to determine applicability to Investors' mortgage operations, (2) ongoing fair lending training for lending-related personnel, (3) consumer compliance training for the Board of Directors after changes in law or in Investors Bank's product line, (4) compliance reviews for all fair lending complaints, (5) a second review and second signature for all loan applications initially recommended for denial, and (6) a Chief Lending Officer review and Board of Directors ratification of any exceptions to the loan policy guidelines. Investors Bank's risk-management systems and policies and procedures for assuring compliance with fair lending laws will be implemented at the combined organization.

The Board believes that it is appropriate, in connection with the acquisition of Roma, for Investors to enhance its consumer compliance program and policies to account for the size, complexity, and diversification of the business lines that would result from the acquisition. Accordingly, as a condition of its approval, the Board has determined that the audit committee of the board of directors of Investors Bancorp must issue a written report to the board of directors of Investors Bancorp that shall include: an assessment of Investors Bank's consumer compliance risk systems, processes, and procedures; an assessment of compliance with any reports or recommendations made by any state or federal agency issued in the last five years with respect to consumer compliance; and recommendations for improving the consumer compliance risk program, if necessary. The report shall be issued to Investors Bancorp's board within 120 days of the date of this order, with copies to Investors Bank senior management and the Board of Governors. Compliance with this condition, and with the recommendations made by the audit committee, will be monitored as part of the supervisory process.

C. HMDA Analysis and Public Comment on the Application

The commenter cited 2011 HMDA data and alleged that Investors Bank made fewer conventional home purchase loans to African American than to white applicants and fewer refinance loans to African American and Hispanic applicants than to white applicants in the New York and Long Island Metropolitan Statistical Areas ("MSAs"). The commenter also asserted that, in the New York MSA, Investors Bank disproportionately denied applications by Hispanic applicants for conventional home purchase loans and refinance loans. In addition, the commenter alleged that Roma Bank made fewer conventional home purchase loans to African American and Hispanic applicants than to white applicants in the Camden and Trenton MSAs.

The Board has reviewed HMDA data from 2011 reported by Investors Bank, Roma Bank, and RomAsia Bank, the most recent publicly available data. In response to the comment, the Board analyzed data related to all HMDA-reportable loans to develop a view of overall lending patterns, as well as the subset of that data related specifically to conventional home purchase and refinance loans, which were the subjects of the public comment received on the proposal. Within those data sets, the Board focused its review on data related to loans made or denied to borrowers of the races and ethnicities highlighted by the public comment, *i.e.*, African Americans and Hispanics.

With respect to Investors Bank, Roma Bank, and RomAsia Bank, the Board confirmed the levels of conventional home purchase loans and the denial disparity ratios associated with conventional home purchase and refinance loans noted by the commenter.

The Board is concerned when HMDA data for an institution indicate disparities in lending and believes that all lending institutions are obligated to ensure that their lending practices are based on criteria that ensure not only safe and sound lending but also equal access to credit by creditworthy applicants regardless of their race or ethnicity. Although the HMDA data may reflect certain disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in certain local areas, HMDA data alone do not provide a sufficient basis on which to conclude whether Investors Bank, Roma Bank, and RomAsia Bank have excluded or denied credit to any group on a prohibited basis.[24]

Because of the limitations of HMDA data, the Board also has considered other information, including examination reports that provide on-site evaluations of compliance by Investors Bank, Roma Bank, and RomAsia Bank with fair lending laws and regulations. The Board also has consulted with the OCC, the FDIC, and the Consumer Financial Protection Bureau ("CFPB") about this proposal.

With respect to the specific HMDA data on conventional home purchase and refinance mortgages cited by the commenter, Investors provided information on Investors Bank's nondiscriminatory reasons for individual lending decisions (*i.e.*, credit history, inadequate collateral, and debt-to-income ratio). Investors also provided the Board with detailed information on Investors Bank's training, marketing, advertising, and underwriting guidelines reflecting its stated commitment to the prevention of prescreening, discouragement, or exclusion of credit applications on a prohibited basis.

The Board also consulted with the FDIC and the CFPB with respect to Investors Bank's record of fair lending performance since the Investors Evaluation. The FDIC reported, based on its review of supervisory information, that it did not find evidence that Investors Bank engaged in discriminatory conduct during the period before

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[24] The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. In addition, credit history problems, excessive debt levels relative to income, and high loan amounts relative to the value of the real estate collateral (the reasons most frequently cited for a credit denial or higher credit cost) are not available from HMDA data.

which the CFPB assumed jurisdiction over federal consumer financial laws.[25] The FDIC has indicated that the bank's operations and compliance program were compliant with fair lending and other consumer protection laws for the time period reviewed by the FDIC.

Conclusion on CRA, Fair Lending, and HMDA Review.

Based on this information and review, as well as the views of the CFPB, the FDIC, and the OCC on Investors Bank's, Roma Bank's, and RomAsia Bank's records of fair lending performance, and considering the fair lending policies and procedures and compliance records of Investors Bank, Roma Bank, and RomAsia Bank, the Board concludes that the CRA and fair lending records of Investors Bank, Roma Bank, and RomAsia Bank on balance weigh in favor of approval.

Financial Stability

The Dodd-Frank Act added "risk to the stability of the United States banking or financial system" to the list of possible adverse effects that the Board must weigh against any expected public benefits in considering proposals under section 4(j) of the BHC Act.[26] To assess the likely effect of a proposed transaction on the stability of the U.S. banking or financial system, the Board considers a variety of metrics that capture the systemic "footprint" of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the

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[25] See 12 U.S.C. § 5481(14).

[26] Dodd-Frank Act, § 604(e), codified at 12 U.S.C. § 1843(j)(2)(A). Other provisions of the Dodd-Frank Act impose a similar requirement that the Board consider or weigh the risks to financial stability posed by a merger, acquisition, or expansion proposal by a financial institution. See sections 163, 173, and 604(d) and (f) of the Dodd-Frank Act.

resulting firm.[27] These categories are not exhaustive, and additional categories could inform the Board's decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution's internal organization, which are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage to the broader economy.[28]

The Board has considered information relevant to risks to the stability of the United States banking or financial system. After consummation, Investors would have approximately $15.4 billion in consolidated assets, and by any of a number of alternative measures of firm size, Investors Bank would be the 80th largest U.S. insured depository organization. The Board generally presumes that a merger that involves an acquisition of less than $2 billion in assets, or results in a firm with less than $25 billion in total consolidated assets, will not pose significant risks to the financial stability of the United States absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors. Such additional risk factors are not present in this transaction. The Board, therefore, concludes that financial stability considerations relating to this proposal weigh in favor of an approval.

Additional Public Benefits of the Proposal

The Board has also considered the extent to which the proposal would benefit the customers of Investors Bank, Roma Bank, RomAsia Bank, or any combination of the three banks. Among other things, such benefits can include merger-related cost savings, improvements in the quality of existing product offerings,

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27 Many of the metrics considered by the Board measure an institution's activities relative to the U.S. financial system.

28 For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (Feb. 14, 2012).

and the availability of products that were not previously available to customers of any of the parties.

The merger would extend the branch and ATM footprints of Investors Bank, Roma Bank, and RomAsia Bank within the New York and New Jersey markets, allowing customers greater geographic flexibility in accessing banking services. The applicants also have plans to increase the density of their bank branches and ATMs in the newly acquired markets. Loan customers will be able to benefit from larger loan-to-one borrower limits with Investors Bank's larger capital base.

Investors expects that the proposal would result in cost savings for the combined organization by eliminating redundant expenses related to back-office costs, professional expenses, occupancy expenses, data processing charges, marketing, and other expenses. Investors has noted that these savings would be reinvested back into the current operations of various projects of the combined organization.

Investors also expects that, as a result of the merger, Roma Bank's and RomAsia Bank's customers would have access to a variety of consumer and business services, some of which are not currently offered by Roma Bank or RomAsia Bank due to their small scale, such as a Client Care Center and certain mobile and online banking products. Investors is also planning a robust client outreach for the markets of Roma Bank and RomAsia Bank to support the transition of the client base and identify additional credit and deposit needs that are not currently available in those markets from Roma Bank and RomAsia Bank.

The Board has considered all of the facts of record, including the CRA records of the institutions involved, information provided by Investors, confidential supervisory information, and the public comment on the proposal. Based on the Board's analysis of the HMDA data, its evaluation of Investors Bank's, Roma Bank's, and RomAsia Bank's mortgage lending operations and compliance programs, its review of examination reports, and its consultations with the OCC, the FDIC, and the CFPB, the Board believes that the convenience and needs factor, including the CRA records of the insured depository institutions involved in this transaction, weighs in favor of approval of the application. The Board encourages Investors Bank to continue to seek opportunities to assist in meeting the credit needs of the communities it serves.

The Board has determined that the conduct of the proposed nonbanking activities within the framework of Regulation Y, Board precedent, and this order are not likely to result in significant adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system. On the basis of the entire record, including the commitments made in this case and conditions noted in this order, and for the reasons discussed above, the Board believes that the factors related to competition, financial and managerial resources, convenience and needs, and financial stability weigh in favor of approval of this case. Accordingly, the Board has determined that the balance of the public benefits under the standard of section 4(j)(2) of the BHC Act is consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the proposal should be, and hereby is, approved.[29] In reaching its conclusion, the Board has considered all the facts of record in light of the factors that

[29] The public commenter requested that the Board hold a public hearing on the proposal. The Board's regulations provide for a hearing on a notice filed under section 4 of the BHC Act if there are disputed issues of material fact that cannot be resolved in some other manner. 12 CFR 225.25(a)(2). Under its rules, the Board also may, in its discretion, hold a public hearing if appropriate to allow interested persons an opportunity to provide relevant testimony when written comments would not adequately present their views. The Board has considered the commenter's request in light of all the facts of record. In the Board's view, commenters have had ample opportunity to submit comments on the proposal and, in fact, submitted a written comment that the Board has considered in acting on the proposal. The commenter's request does not identify disputed issues of fact that are material to the Board's decision and that would be clarified by a public hearing. In addition, the request does not demonstrate why the written comment does not present the commenter's views adequately or why a hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing is not required or warranted in this case. Accordingly, the request for a public hearing on the proposal is denied.

it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Investors with all the conditions imposed in this order and the commitments made to the Board in connection with the application, including receipt of all required regulatory approvals. The Board's approval also is subject to all the conditions set forth in Regulation Y, including those in sections 225.7 and 225.25(c),[30] and to the Board's authority to require such modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors,[31] effective December 2, 2013.

Margaret McCloskey Shanks (signed)

Margaret McCloskey Shanks
Deputy Secretary of the Board

[30] 12 CFR 225.7 and 225.25(c).

[31] Voting for this action: Chairman Bernanke, Vice Chair Yellen, and Governors Tarullo, Raskin, Stein, and Powell.