



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

June 23, 2016

Peter E. Heyward, Esq.
Vice President and Senior Counsel, Federal Regulation
The Prudential Insurance Company of America
751 Broad Street
Newark, New Jersey 07102

Dear Mr. Heyward:

This letter responds to your request of April 15, 2016, on behalf of The Prudential Insurance Company of America (together with its subsidiaries and affiliates, "Prudential"), Newark, New Jersey, and to subsequent correspondence, requesting modification of a commitment made to the Board of Governors of the Federal Reserve System ("Board") in connection with the investment by Prudential in City National Bancshares Corporation ("CNBC"), Newark, New Jersey. The requested relief would allow Prudential to engage in transactions that are extensions of credit with CNBC and its subsidiary bank, City National Bank of New Jersey ("Bank"), also of Newark, and engage in fee-based service transactions with CNBC and Bank, each within specified limits.

In August 2015, Prudential acquired [REDACTED] percent of the voting stock and [REDACTED] percent of the total equity of CNBC, a bank holding company. In connection with this acquisition, Prudential provided certain commitments to the Board similar to those on which the Board previously has relied to ensure that an investor is not able to exercise a controlling influence over a bank or bank holding company, including a commitment that Prudential would engage in limited business relationships with CNBC (the "business relationship commitment").

Prudential now requests modification of the business relationship commitment so that (1) total extensions of credit outstanding between Prudential and CNBC do not exceed the greater of (i) \$ [REDACTED] or (ii) [REDACTED] percent of CNBC's loans

and leases, net of unearned income and allowance;¹ and (2) the aggregate amount of fees payable by Prudential to CNBC do not exceed \$ [REDACTED] per year.

The requested relief is substantially consistent with previous decisions of the Board. Prudential has represented that all transactions and relationships with CNBC would be on an arms-length, negotiated basis and on market terms and would not restrict CNBC from entering into transactions of the same type with other parties. Given this representation, granting the requested relief would appear not to give rise to a controlling influence in this case, where the size of the transactions would be relatively small and immaterial with respect to both CNBC and Prudential, Prudential's total voting interest in CNBC is limited, and Prudential does not have representation on CNBC's board of directors. All other commitments provided by Prudential in connection with its 2015 investment in CNBC would remain in place, including its commitment not to exercise or attempt to exercise a controlling influence over the management or policies of CNBC.

Based on all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board under section 265.7(a)(2) of the Board's Rules Regarding Delegation of Authority (12 CFR 265.7(a)(2)), and after consulting with the General Counsel, has approved your request to modify Prudential's commitment to permit it to engage in the specific transactions to the extent described above, provided that Prudential does not, through that activity or in any other way, attempt to exercise a controlling influence over the management or policies of CNBC.

This action is based on the representations and commitments set forth in all of your communications and correspondence related to your request, including the representations discussed above. Any change in the facts presented could result in a different conclusion and should be reported to Board staff immediately. This determination should not be construed as granting relief from any other conditions or commitments to which Prudential may be subject.

Very truly yours,



Margaret McCloskey Shanks
Deputy Secretary of the Board

¹ As reported on Line 4d of Schedule RC – Balance Sheet of Bank's Consolidated Report of Condition and Income.