



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

December 16, 1996

Mr. Donald J. Barry, Jr.
Senior Vice President
Citizens Bank of Massachusetts
One Citizens Plaza
Providence, Rhode Island 02903

Dear Mr. Barry:

This is in response to the request by Citizens Financial Group, Inc., and its subsidiary bank, Citizens Bank of Massachusetts, both of Providence, Rhode Island, (collectively, "Citizens"), for extension to complete divestiture of certain interests in real estate that are impermissible for a bank holding company or its subsidiaries under section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. § 1843) ("BHC Act"). The Royal Bank of Scotland Group plc, Edinburgh, Scotland, and its wholly owned subsidiaries (collectively, the "Royal Group"), including Citizens, committed to divest these properties to ensure compliance with the BHC Act in connection with the Board's approval of the applications by the Royal Group to acquire the Boston Five Bancorp, Inc., Boston, Massachusetts ("Boston Five").^{1/}

At the time of the application, Boston Five was engaged, through an affiliate, in certain real estate development activities that were impermissible under section 4(c)(8) of the BHC Act and Regulation Y (12 C.F.R. 225). The Royal Group, through its subsidiary, Citizens, has been successful in liquidating five of the seven impermissible investments that it acquired as part of the Boston Five acquisition.

^{1/} The Royal Bank of Scotland Group plc, 79 Federal Reserve Bulletin 1060 (1993).

The record in this case shows that a good faith effort has been undertaken by the Royal Group, through its subsidiary, Citizens, to divest the properties in order to satisfy the commitments it made in connection with its acquisition of Boston Five. Citizens has divested five of the original seven impermissible investments and Citizens continues to aggressively market the remaining real estate interests.

Based on the foregoing 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 C.F.R. § 265.7(a)(2)), and after consulting with the General Counsel, has approved your request for extension to divest the impermissible real estate investments. This action is based on the representations and commitments set forth in Citizens's request for an extension to complete divestiture of impermissibly held real estate. Any change in the facts presented could result in a different conclusion and should be reported to staff immediately. This approval should not be construed as granting relief from any other conditions or commitments to which Citizen may be subject.

Very truly yours,



William W. Wiles
Secretary of the Board

cc: Federal Reserve Bank of Boston

INFORMATION SUBJECT TO EXEMPTION (B) 4
OF THE FREEDOM OF INFORMATION ACT HAS BEEN
DELETED. WRITTEN APPEAL OF DELETIONS CAN BE
MADE WITHIN TEN DAYS TO THE SECRETARY OF THE
BOARD.