

FEDERAL RESERVE SYSTEM

Royal Bank of Canada  
Montreal, Canada

Order Approving the Formation of a Bank Holding Company, the Acquisition of a Bank Holding Company, and Determination on a Financial Holding Company Election

Royal Bank of Canada (“RBC”), Montreal, Canada, a foreign banking organization and bank holding company that has elected to be a financial holding company within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”),<sup>1</sup> and its subsidiary, RBC USA Holdco Corporation (“RBC USA Holdco,” and together with RBC, “Applicants”), New York, New York, have requested the Board’s approval under section 3 of the BHC Act<sup>2</sup> to acquire City National Corporation (“City National”) and thereby indirectly acquire its subsidiary bank, City National Bank, both of Los Angeles, California. As part of the proposal, RBC USA Holdco will become a bank holding company. RBC USA Holdco also has filed with the Board an election to become a financial holding company pursuant to sections 4(k) and (l) of the BHC Act and section 225.82 of the Board’s Regulation Y.<sup>3</sup>

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (80 Federal Register 16010 (March 26, 2015)).<sup>4</sup> The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

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<sup>1</sup> 12 U.S.C. § 1841 et seq.

<sup>2</sup> 12 U.S.C. § 1842.

<sup>3</sup> 12 U.S.C. §§ 1843(k) and (l); 12 CFR 225.82.

<sup>4</sup> 12 CFR 262.3(b).

RBC, with consolidated assets of approximately \$832 billion, is the second largest bank in Canada by asset size.<sup>5</sup> RBC provides retail and commercial banking, wealth management, insurance, investment banking, and transaction-processing services on a global basis. Internationally, RBC operates on six continents. In the United States, RBC controls RBC Bank (Georgia), National Association (“RBC Bank Georgia”), Atlanta, Georgia. RBC Bank Georgia operates only in Georgia. RBC Bank Georgia is the eighth largest depository institution in Georgia, controlling deposits of approximately \$2.7 billion, which represent 1.4 percent of the total deposits of insured depository institutions in that state.<sup>6</sup> RBC operates branches in New York; a state-licensed agency in Texas; and representative offices in California, Delaware, Texas, and Washington. RBC is a qualifying foreign banking organization and, upon consummation of the proposal, would continue to meet the requirements for a qualifying foreign banking organization under the Board’s Regulation K.<sup>7</sup>

City National, with consolidated assets of approximately \$33.8 billion, is the 52nd largest insured depository organization in the United States, controlling approximately \$28.5 billion in deposits. City National controls City National Bank, which operates in California, Georgia, Nevada, New York, and Tennessee. City National Bank is the 214th largest insured depository institution in Georgia, controlling deposits of approximately \$47 million, which represent less than 1 percent of the total deposits of insured depository institutions in that state.

On consummation of this proposal, RBC’s U.S. operations would have approximately \$172 billion in consolidated assets, which represent less than 1 percent of

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<sup>5</sup> Asset data and nationwide deposit-ranking data are as of June 30, 2015, unless otherwise noted. Asset and ranking data for RBC on a consolidated basis are as of July 31, 2015, and are based on the exchange rate as of that date.

<sup>6</sup> State deposit data are as of June 30, 2014, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

<sup>7</sup> 12 CFR 211.23(a).

the total assets of insured depository institutions in the United States. RBC USA Holdco would control total deposits of approximately \$28.1 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Georgia, RBC would remain the eighth largest depository organization, controlling deposits of approximately \$2.8 billion, which represent 1.4 percent of the total deposits of insured depository institutions in that state.

#### Interstate and Deposit Cap Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction is prohibited under state law.<sup>8</sup> Under this section, the Board may not approve an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years.<sup>9</sup> In addition, the Board may not approve an interstate application if the bank holding company controls or would upon consummation of the proposed transaction control more than 10 percent of the total deposits of insured depository institutions in the United States, or 30 percent or more of the total deposits of insured depository institutions in the target bank's home state or in any state in which the acquirer and target have overlapping banking operations.<sup>10</sup>

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<sup>8</sup> 12 U.S.C. § 1842(d)(1)(A).

<sup>9</sup> 12 U.S.C. § 1842(d)(1)(B).

<sup>10</sup> 12 U.S.C. § 1842(d)(2)(A) and (B). The acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7).

For purposes of the BHC Act, the home state of RBC is North Carolina, and City National Bank's home state is California.<sup>11</sup> City National Bank also is located in Georgia, Nevada, New York, and Tennessee. RBC is well capitalized and well managed under applicable law, and RBC Bank Georgia has a satisfactory Community Reinvestment Act ("CRA")<sup>12</sup> rating. There are no minimum age requirements under the laws of California, Georgia, Nevada, New York, or Tennessee that apply to RBC's acquisition of City National and City National Bank.<sup>13</sup>

On consummation of the proposed transaction, Applicants would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. In addition, the combined organization would control less than 30 percent of the total amount of deposits of insured depository institutions in Georgia, the only state in which RBC and City National Bank have overlapping banking operations. Accordingly, in light of all the facts of record, the Board may approve the proposal under section 3(d) of the BHC Act.

#### Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market. The BHC Act prohibits the Board from approving a proposal that would substantially lessen competition in any relevant banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the

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<sup>11</sup> See 12 U.S.C. § 1841(o)(4). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. A national bank's home state is the state in which the main office of the bank is located.

<sup>12</sup> 12 U.S.C. § 2901 et seq.

<sup>13</sup> See Cal. Fin. Code § 1685(a); Ga. Code Ann. § 7-1-622; Nev. Rev. Stat. § 666.405; N.Y. Banking Law § 142-a; Tenn. Code Ann. § 45-2-1403.

public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.<sup>14</sup>

RBC and City National have subsidiary depository institutions that compete directly in the Atlanta, Georgia, banking market (“Atlanta market”).<sup>15</sup> The Board has considered the competitive effects of the proposal in this banking market in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the banking market; the relative share of total deposits in insured depository institutions in the market (“market deposits”) that RBC would control;<sup>16</sup> the concentration levels of market deposits and the increase in these levels as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);<sup>17</sup> and other characteristics of the market.

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<sup>14</sup> 12 U.S.C. § 1842(c)(1).

<sup>15</sup> The Atlanta market is defined as Bartow, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Rockdale, and Walton counties; Hall County (excluding the town of Clermont); the towns of Auburn and Winder in Barrow County; and Luthersville in Meriwether County, all in Georgia.

<sup>16</sup> Deposit and market share data are as of June 30, 2014, 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 to commercial banks. *See, e.g., Midwest Financial Group*, 75 Federal Reserve Bulletin 386 (1989); *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).

<sup>17</sup> 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 the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines for the Atlanta market. On consummation of the proposal, the Atlanta market would remain moderately concentrated, as measured by the HHI. The change in the HHI would be small, and numerous competitors would remain in the market.<sup>18</sup>

The DOJ has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. 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 Atlanta market or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

#### Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved. In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary

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modified. See Press Release, Department of Justice (August 19, 2010), [www.justice.gov/opa/pr/2010/August/10-at-938.html](http://www.justice.gov/opa/pr/2010/August/10-at-938.html).

<sup>18</sup> RBC operates the seventh largest depository institution in the Atlanta market, controlling approximately \$2.7 billion in deposits, which represent 2.1 percent of market deposits. City National operates the 73rd largest depository institution in the same market, controlling deposits of approximately \$47 million, which represent less than 1 percent of market deposits. On consummation of the proposed transaction, RBC would remain the seventh largest depository organization in the market, controlling deposits of approximately \$2.7 billion, which represent 2.1 percent of market deposits. The HHI for the Atlanta market would increase by 1 point to 1562, and 79 competitors would remain in the market.

depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, and earnings performance, as well as public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan. The Board also has consulted with the Office of the Superintendent of Financial Institutions ("OSFI"), the agency with primary responsibility for the supervision and regulation of federally registered Canadian banking organizations, including RBC.

The capital levels of RBC exceed the minimum levels that would be required under the Basel Capital Accord and are considered to be equivalent to the capital levels that would be required of a U.S. banking organization.<sup>19</sup> The proposed transaction is a merger that is structured as a cash and share exchange.<sup>20</sup> The asset quality, earnings, and liquidity of RBC and City National are consistent with approval, and RBC appears to have adequate resources to absorb the costs of the proposal and to complete integration of the institutions' operations. In addition, future prospects are considered consistent with approval.

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<sup>19</sup> The Board considered the total risk-based capital ratio, tier 1 risk-based capital ratio, common equity tier 1 risk-based capital ratio, and the ratio of tier 1 to total assets of RBC, RBC USA Holdco, and RBC Bank Georgia.

<sup>20</sup> Applicants would effect the acquisition by merging City National with and into RBC USA Holdco (with RBC USA Holdco as the survivor). At the time of the merger, each share of City National common stock would be converted into a right to receive RBC common stock and cash, based on an exchange ratio. RBC has the financial resources to fund the cash portion of the exchange.

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 RBC's U.S. operations, City National, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by RBC, the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations, and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws, as well as information provided by commenters. As noted, the Board also has consulted with OSFI.

RBC, City National, and their subsidiary depository institutions are each considered to be well managed. RBC's existing risk-management program and its directorate and senior management are considered to be satisfactory. The directors and senior executive officers of RBC have substantial knowledge of and experience in the banking and financial services sectors.<sup>21</sup>

The Board also has considered RBC's plans for implementing the proposal. RBC has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-integration process for this proposal. RBC would implement its risk-management policies, procedures, and controls at the combined organization, which are considered acceptable from a supervisory perspective. In addition, RBC and City National's management has the experience and resources to ensure that the combined organization operates in a safe and sound manner, and RBC

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<sup>21</sup> A commenter alleged that RBC previously had unsuccessful operations in the United States. Notwithstanding any previous difficulties in these markets, RBC is considered well capitalized and well managed.



plans to integrate City National's existing management and personnel in a manner that augments RBC's management.<sup>22</sup>

Section 3 of the BHC Act also prohibits the Board from approving a proposal unless the applicant provides adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act.<sup>23</sup> The Board has reviewed the restrictions on disclosure of information in the relevant jurisdictions in which RBC operates and has communicated with relevant government authorities concerning access to information. In addition, RBC has committed that, to the extent not prohibited by applicable law, it will make available to the Board such information on its operations and the operations of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the International Banking Act of 1978,<sup>24</sup> and other applicable federal laws. RBC also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary to enable it or its affiliates to make such information available to the Board.

Based on all the facts of record, including RBC's supervisory record, managerial and operational resources, plans for operating the combined institution after consummation, and comments received on the proposal,<sup>25</sup> the Board concludes that

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<sup>22</sup> A commenter expressed concerns that RBC's management "may be too far away" to govern effectively in the Los Angeles, California, area. As mentioned above, RBC intends to integrate City National's existing management and personnel in a manner that augments RBC's management and capacity consistent with the combined organization's scope of activities. RBC has successfully managed its operations in the United States.

<sup>23</sup> 12 U.S.C. § 1842(c)(3)(A).

<sup>24</sup> 12 U.S.C. § 3101 *et seq.*

<sup>25</sup> A commenter alleged that RBC and City National collaborated to extend credit to a customer during the pendency of these applications. The BHC Act prohibits an applicant from exercising, or attempting to exercise, a controlling influence over the management or policies of a bank or bank holding company, without prior approval of the Board. C-B-G, Inc., 91 Federal Reserve Bulletin 421, 421-22 (2005). RBC represents that after announcing RBC's proposed acquisition of City National, RBC and City National

considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal, as well as access to information by the Board and the records of effectiveness of RBC and City National in combatting money-laundering activities, are consistent with approval.

Supervision or Regulation on a Consolidated Basis

As required by section 3 of the BHC Act, the Board considers whether RBC is subject to comprehensive supervision or regulation on a consolidated basis by appropriate authorities in its home country.<sup>26</sup> The Board previously has determined that

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established internal controls and processes designed to ensure compliance with the applicable limitations of the BHC Act and sent notifications and reminders of such controls to their respective employees. RBC also represents that it did not extend credit to the customer at issue in view of the BHC Act's limitations.

Some commenters expressed concerns about the level of racial and ethnic diversity among City National Bank's employees, officers, and directors and about City National Bank's efforts to do business with minority-owned suppliers. These concerns are outside the scope of the limited statutory factors that the Board is authorized to consider when reviewing an application under the BHC Act. See Bank of America Corporation, 90 Federal Reserve Bulletin 217, 223 n.31 (2004); see also Western Bancshares, Inc. v. Board of Governors, 480 F.2d 749 (10th Cir. 1973). Separately, the Board, together with the other federal financial supervisory agencies, monitors the efforts of regulated entities to promote diversity and inclusion. Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies, 80 Federal Register 33016 (June 10, 2015). This policy statement implements section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), Pub. L. No. 111-203, 124 Stat. 1376, 1541-44 (2010), codified at 12 U.S.C. § 5452.

<sup>26</sup> 12 U.S.C. § 1842(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign banking organization is subject to consolidated home country supervision under the standards set forth for foreign banks and parent foreign banks in the Board's Regulation K. See 12 CFR 225.13(a)(4). Regulation K provides that a foreign bank is subject to consolidated home country supervision if the foreign bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank (including the relationships of the bank to any affiliate) to assess the foreign bank's overall financial condition and compliance with law and regulation. 12 CFR 211.24(c)(1)(ii). In assessing this standard under section 211.24 of Regulation K, the Board considers, among other

RBC is subject to comprehensive supervision on a consolidated basis by its home country supervisor, the OSFI.<sup>27</sup> RBC remains supervised by the OSFI on substantially the same terms and conditions. Based on this finding and all the facts of record, the Board concludes that RBC continues to be subject to comprehensive supervision on a consolidated basis by its home country supervisor.

#### Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.<sup>28</sup> In its evaluation of the effect of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of the communities to be served. In this evaluation, the Board places particular emphasis on the records of the relevant depository institutions under the CRA. The CRA 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 their safe and

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indicia of comprehensive, consolidated supervision, the extent to which the home country supervisors (i) ensure that the bank has adequate procedures for monitoring and controlling its activities worldwide; (ii) obtain information on the condition of the bank and its subsidiaries and offices through regular examination reports, audit reports, or otherwise; (iii) obtain information on the dealings and relationship between the bank and its affiliates, both foreign and domestic; (iv) receive from the bank financial reports that are consolidated on a worldwide basis, or comparable information that permits analysis of the bank's financial condition on a worldwide, consolidated basis; and (v) evaluate prudential standards, such as capital adequacy and risk asset exposure, on a worldwide basis. No single factor is essential, and other elements may inform the Board's determination.

<sup>27</sup> Royal Bank of Canada, 87 Federal Reserve Bulletin 467 (2001); Royal Bank of Canada, 83 Federal Reserve Bulletin 442 (1997). In addition, in 2013 it was determined that RBC is subject to comprehensive supervision on a consolidated basis by OSFI. RBC Investor Services Bank S.A., FRB Order No. 2013-15 (December 17, 2013).

<sup>28</sup> 12 U.S.C. § 1842(c)(2).

sound operation,<sup>29</sup> and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods.<sup>30</sup>

In addition, the Board considers the banks' overall compliance record and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and comments received on the proposal. The Board also may consider the institution's business model, its marketing and outreach plans, the organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of RBC Bank Georgia and City National Bank, the fair lending and compliance records of both banks, the supervisory views of the Office of the Comptroller of the Currency ("OCC") and the Consumer Financial Protection Bureau ("CFPB"), confidential supervisory information, information provided by RBC, and the public comments received on the proposal.

In this case, the Board also considered the business models of the institutions involved and the organization's plans after consummation. In addition, although RBC currently provides limited retail banking services in the United States, it had a substantially larger retail banking presence in the United States prior to the sale of its wholly owned subsidiary, RBC Bank (USA), Raleigh, North Carolina, to The PNC Financial Group, Inc. ("PNC") in 2012.<sup>31</sup> To better assess RBC's record of meeting the

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<sup>29</sup> 12 U.S.C. § 2901(b).

<sup>30</sup> 12 U.S.C. § 2903.

<sup>31</sup> RBC Bank (USA) had total assets of approximately \$27 billion as of June 30, 2011.

credit needs of the communities it serves, the Board considered the CRA record of RBC Bank (USA) during the time that the bank was a wholly owned subsidiary of RBC.

The Board placed additional emphasis on City National Bank's record in meeting the convenience and needs of the communities it serves, because City National Bank will remain a separate entity and continue its existing CRA program after consummation of the proposed transaction. Moreover, City National Bank's retail banking business is significantly larger than RBC's current U.S. retail banking business.

*Public Comments Regarding the Proposal*

In this case, the Board received comments from 32 commenters supporting the proposal. Commenters describe favorable experiences with the community development lending and investment programs of City National. These commenters commend City National Bank and its management for the bank's community outreach efforts and support for various community development programs and initiatives, including board service and contributions to charitable organizations, some of which are aimed at benefitting minority and LMI individuals. Commenters also praise City National Bank's pro bono legal service, support for programs for at-risk youth and neighborhood improvement, and affordable housing initiatives. Further, commenters praise City National Bank for adopting a five-year, \$11 billion community development plan, emphasizing increased marketing and community outreach, financial education, improved access to credit for small businesses, and increased charitable giving within City National's assessment areas. Commenters, some of which consulted with City National Bank in the development of the community development plan, argue that the bank would provide even greater benefit to the communities served by the combined organization as a result of the plan.

Several commenters oppose the proposal, request that the Board approve the proposal only subject to certain conditions, or express concerns about the proposal.<sup>32</sup>

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<sup>32</sup> Initially, 15 commenters opposed the proposal. Many of these commenters subsequently withdrew or amended their comments to support the proposal.

Some commenters express concerns regarding the efforts of RBC and City National to serve minority communities. For example, a commenter alleges racial disparities in City National Bank's and RBC Bank Georgia's lending activities based on data reported for 2013 under the Home Mortgage Disclosure Act of 1975 ("HMDA").<sup>33</sup> In addition, commenters allege that City National Bank made a disproportionately small number of Small Business Administration loans to African American-owned businesses, and "redlines" African American-owned businesses.<sup>34</sup>

Several commenters allege that City National Bank and RBC Bank Georgia predominately serve affluent customers and do not help meet the needs of LMI communities. One commenter alleges disparities by income in City National Bank's lending activities based on 2013 HMDA data.

*Businesses of the Involved Institutions and Response to Comments*

RBC provides retail and commercial banking, wealth management, insurance, investment banking, and transaction-processing services on a global basis. In the United States, many of RBC's activities are conducted through RBC Capital Markets, LLC, New York, New York, a registered broker-dealer providing capital markets, wealth management, insurance, and treasury services.<sup>35</sup> RBC's retail banking presence in the United States is limited to RBC Bank Georgia, which has one physical location and provides retail and business banking services primarily to Canadian cross-border customers in the United States and to RBC's U.S. wealth management customers through online and mobile channels. RBC Bank Georgia's ability to engage in retail banking and

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<sup>33</sup> 12 U.S.C. § 2801 et seq.

<sup>34</sup> Some commenters questioned whether City National Bank and RBC Bank Georgia were in compliance with HMDA reporting requirements, based on the number of HMDA-reportable loans listed by City National Bank and RBC Bank Georgia as "race not available." OCC examiners tested the accuracy of HMDA data in connection with the CRA evaluations of both institutions. In both evaluations, the OCC concluded that the HMDA data reported by both institutions could be relied upon in the evaluation.

<sup>35</sup> As of June 30, 2015, RBC Capital Markets, LLC had total assets of \$81.4 billion.

small business banking activities in the United States has been restricted by a noncompete agreement with PNC, entered into in connection with RBC's sale of RBC Bank (USA) to PNC, which the Board approved in 2011.<sup>36</sup> Pursuant to that noncompete agreement, RBC was generally prohibited from engaging in retail banking and small business banking activities in Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia for the three years following consummation of the sale of RBC Bank (USA) to PNC.<sup>37</sup> Only existing RBC customers were permitted to open a new banking relationship with RBC Bank Georgia, impeding the bank's ability to originate loans or provide deposit services to new customers. Under the noncompete agreement, RBC Bank Georgia also was precluded from opening additional branches beyond its one Atlanta location.

City National Bank's primary focus is business lending, consistent with the bank's goal of providing financial solutions to individuals with \$1 million or more in investable assets and to small- and medium-sized companies with annual revenues between \$1 million and \$250 million. City National Bank also provides private banking, wealth management, and advisory and brokerage services to its customers. In particular, City National Bank provides banking services to customers in the entertainment and real estate industries and to professional services firms and their executives. City National Bank does not actively market home mortgage loan products but rather makes home mortgage loans as an accommodation to existing commercial, entertainment, and trust customers.

RBC asserts that it and City National Bank are helping to meet the credit needs of LMI individuals and communities in other ways. In particular, RBC contends that City National Bank engages in substantial community development lending, services, and investments. RBC maintains that, as demonstrated in the overall CRA ratings, both

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<sup>36</sup> See PNC Financial Services Group, Inc. (order dated December 23, 2011), 98 Federal Reserve Bulletin 16 (2d Quar. 2012).

<sup>37</sup> RBC's sale of RBC Bank (USA) to PNC was consummated on March 2, 2012.

institutions exhibit satisfactory performance under the CRA. Moreover, RBC contends that both institutions have made efforts to identify and respond to community needs since their most recent CRA performance evaluations. More specifically, RBC represents that it has engaged in continued community outreach efforts with several California community development organizations. Further, RBC represents that City National Bank, along with three Southern California utility companies, has developed plans to implement educational programs and small business lending programs, the latter of which are expected to provide small business loans to qualified utility company suppliers owned by women and minorities and by lesbian, gay, bisexual, and transgender persons. RBC also represents that it and City National have engaged organizations in California communities to determine the credit needs of those communities and how those needs can be met by the combined organization. As a result of this outreach, City National announced a five-year, \$11 billion community development plan, which is discussed in more detail below.

*Records of Performance under the CRA*

As indicated above, in evaluating the convenience and needs factor and CRA performance, the Board considers substantial information in addition to information provided by public commenters and the response to comments by the applicant. In particular, the Board evaluates an institution's performance in light of examinations and other supervisory information and information and views provided by the appropriate federal supervisors.<sup>38</sup>

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.<sup>39</sup> An institution's most recent CRA performance evaluation is a particularly important

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<sup>38</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 75 Federal Register 11642, 11665 (March 11, 2010).

<sup>39</sup> 12 U.S.C. § 2906.



consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply lending, investment, and service tests to evaluate the performance of a large insured depository institution in helping to meet the credit needs of the communities it serves. The lending test specifically evaluates the institution's home mortgage, small business, small farm, and community development lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution's HMDA data in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is based on the number and amount of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's assessment areas; the geographic distribution of such loans, including the proportion and dispersion of the institution's lending in its assessment areas and the number and amount of loans in low-, moderate-, middle-, and upper-income geographies; the distribution of such loans based on borrower characteristics, including the number and amount of home mortgage loans to low-, moderate-, middle-, and upper-income individuals;<sup>40</sup> the institution's community development lending, including the number and amount of community development loans and their complexity and innovativeness; and the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.

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<sup>40</sup> Examiners also consider the number and amount of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions is not available from HMDA data.<sup>41</sup> Consequently, HMDA data disparities must be evaluated in the context of other information regarding the lending record of an institution. In assessing the convenience and needs factor in this case, the Board has considered all of the facts of record, including reports of examination of the CRA performance of RBC Bank Georgia and of City National Bank, the fair lending and compliance records of both banks, the supervisory views of the OCC and the CFPB, confidential supervisory information, information provided by RBC, and the public comments received on the proposal.

*CRA Performance of RBC Bank Georgia*

RBC Bank Georgia was assigned an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the OCC, as of July 8, 2013 ("RBC Bank Georgia Evaluation").<sup>42</sup> The bank received "High Satisfactory" ratings for both the Lending Test and the Investment Test and a "Low Satisfactory" rating for the Service

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<sup>41</sup> Other data relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution's compliance with fair lending laws.

<sup>42</sup> The RBC Bank Georgia Evaluation was conducted using Large Institution CRA Examination Procedures. The evaluation period for the Lending Test was from January 1, 2012, through June 30, 2013, except for community development loans, which had an evaluation period from January 1, 2012, through July 8, 2013. Conclusions regarding RBC Bank Georgia's HMDA lending were based on loans purchased by the bank. The evaluation period for the Investment Test and the Service Test was from January 1, 2012, through July 8, 2013.

Test.<sup>43</sup> Examiners found that the bank's geographic distribution of loans reflected good penetration throughout its assessment area and that the bank's record of lending to borrowers of different incomes was good. As discussed above and as noted by examiners, RBC Bank Georgia was subject to a three-year noncompete agreement beginning in 2011 that impeded the bank's ability to originate loans or provide deposit services to new customers.

Examiners found that RBC Bank Georgia's lending levels reflected good responsiveness to the credit needs of the Atlanta MSA. Examiners noted that the overall distribution of loans reflected good penetration among borrowers of different incomes and that the overall distribution of loans reflected good penetration throughout the Atlanta MSA. The geographic distribution of home mortgage loans was considered good. Examiners found that the bank's geographic distribution of home refinance loans was excellent. The bank's distribution of home refinance loans to borrowers of different incomes also was considered excellent and exceeded the percentage of LMI families in the bank's assessment area. The bank's geographic distribution of home purchase loans in the bank's assessment area reflected adequate penetration. Although examiners found the bank's lending to low-income borrowers to be poor, lending to moderate-income borrowers was excellent, and the distribution of home purchase loans to borrowers of different incomes was good compared to area demographics.

In evaluating the Investment Test, examiners found that RBC Bank Georgia demonstrated good responsiveness to community development needs within the Atlanta MSA. Examiners noted that the bank had a significant level of qualified investments. During the evaluation period, the bank made investments in affordable housing mortgage-backed securities and made financial contributions to organizations providing affordable housing or services to LMI individuals. Examiners also noted that the bank's

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<sup>43</sup> The RBC Bank Georgia Evaluation included a full-scope evaluation of the bank's sole assessment area, the Atlanta–Sandy Springs–Marietta, Georgia, Metropolitan Statistical Area (“Atlanta MSA”).

prior period investments had a continuing impact on the community development needs in the bank's assessment area.

Examiners found that RBC Bank Georgia's performance on the Service Test was adequate in relationship to the bank's resources and community development opportunities. Bank personnel served as home-ownership counselors and as board members to community development organizations, and provided technical assistance to two affordable housing community development organizations.

As discussed above, the Board also considered the CRA performance of RBC Bank (USA), which was a wholly owned subsidiary of RBC until its sale to PNC in 2012. RBC Bank (USA) was a full-service retail bank and operated 434 branches through the southeastern United States.<sup>44</sup> RBC Bank (USA) was assigned an overall rating of "Satisfactory" at the last CRA performance evaluation by the Federal Reserve Bank of Richmond before the sale to PNC, as of June 21, 2010 ("RBC Bank USA Evaluation").<sup>45</sup> The bank received "High Satisfactory" ratings for the Lending Test, Investment Test, and Service Test.<sup>46</sup> Examiners noted the bank's rating on the Lending

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<sup>44</sup> At the time of its sale to PNC, RBC Bank (USA) operated in Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia.

<sup>45</sup> The RBC Bank USA Evaluation was conducted using Large Institution CRA Examination Procedures. The evaluation period for the Lending Test was from January 1, 2008, through December 31, 2009, except for community development loans, which had an evaluation period from April 22, 2008, through December 31, 2009. The evaluation period for the Service Test was from April 22, 2008, through June 21, 2010. With respect to the Investment Test, all qualified investments that were outstanding as of June 21, 2010, were considered.

<sup>46</sup> The RBC Bank USA Evaluation included full-scope evaluations of the following assessment areas: the Charlotte–Gastonia–Rock Hill, North Carolina–South Carolina, MSA; the Raleigh–Durham–Cary, North Carolina, Combined Statistical Area ("CSA"); the Wilmington, North Carolina, MSA; the Greensboro–Winston Salem–High Point, North Carolina, CSA; the Carteret, North Carolina, assessment area; the Huntsville–Decatur, Alabama, CSA; the Birmingham–Hoover, Alabama, MSA; the Atlanta MSA; the Orlando–Deltona–Daytona Beach, Florida, CSA; the Miami–Fort Lauderdale–Pompano Beach, Florida, MSA; the Palm Bay–Melbourne–Titusville, Florida, MSA; the Charleston–North Charleston, South Carolina, MSA; the Myrtle Beach–Conway–

Test reflected the bank's overall lending activity, distribution of lending among borrowers and geographies of different income levels, as well as the amount and responsiveness of community development lending in the bank's assessment areas. Further, examiners noted that the lending activity was considered good relative to the bank's capacity to lend and the economic conditions within the bank's market. In evaluating the Investment Test, examiners found that the bank made investments in equity housing funds, Low Income Housing Tax Credits, and other qualified investments impacting multiple bank markets. In evaluating the Service Test, examiners found that the bank actively supported community development organizations that provided community development services throughout its various market areas and that these activities showed a relatively high level of community service, as well as support for affordable housing efforts within the markets served by the bank.

*RBC Bank Georgia's Efforts Since the 2013 CRA Evaluation*

RBC represents that, since the RBC Bank Georgia Evaluation, the bank has made community development loans and investments focused on supporting the construction or financing of affordable housing within its assessment area. RBC Bank Georgia has partnered with community groups that provide homeowner-related services in LMI communities in Atlanta and provided funding for the development and preservation of affordable housing in Atlanta. In addition, the bank has implemented an affordable housing program and participates in the Federal Home Loan Bank of Atlanta's down-payment assistance program. RBC Bank Georgia also has hosted or contributed to a number of financial seminars on home ownership in LMI areas within its assessment area, including seminars on financial literacy, home-ownership counseling, and first-time home buying. The bank also has made charitable donations to nonprofit community groups within the Atlanta area and has provided grants focusing on financial literacy and affordable housing.

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North Myrtle Beach, South Carolina, MSA; the Columbia, South Carolina, MSA; and the Virginia Beach–Norfolk–Newport News, Virginia, MSA.

*CRA Performance of City National Bank*

City National Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the OCC, as of December 31, 2012 (“City National Bank Evaluation”).<sup>47</sup> City National Bank received overall ratings of “High Satisfactory” for both the Lending Test and the Service Test and an “Outstanding” rating for the Investment Test.<sup>48</sup> Examiners found that City National Bank made an excellent level of community development loans and investments, and that the bank provided an overall good level of community development services.

Examiners found that City National Bank exhibited an overall excellent level of community development lending that had a significantly positive impact on lending performance overall. Examiners also noted an overall excellent level of lending activity of home mortgage loans and small loans to businesses. Nevertheless, examiners found that the bank could improve its penetration among businesses of different revenue sizes and borrowers of different income levels, given the demographics of the bank’s assessment areas.

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<sup>47</sup> The City National Bank Evaluation was conducted using Large Institution CRA Examination Procedures. The evaluation period for the Lending Test was from January 1, 2009, through December 31, 2012, except for community development loans, which had an evaluation period from July 8, 2009, through December 31, 2012. The evaluation period for the Investment Test and the Service Test was from July 8, 2009, through December 31, 2012.

<sup>48</sup> The City National Bank Evaluation included a full-scope review of the following assessment areas: the Los Angeles–Long Beach–Glendale, California, Metropolitan Division; the assessment area comprising San Francisco and San Mateo counties, both in California; the Santa Ana–Anaheim–Irvine, California, MSA; the New York County, New York, assessment area; the Las Vegas–Paradise, Nevada, MSA; the Carson City, Nevada, MSA; the Davidson County, Tennessee, assessment area; and the assessment area comprising DeKalb and Fulton counties, both in Georgia. A limited-scope review was conducted in the Oakland–Fremont–Hayward, California, MSA; the Oxnard–Thousand Oaks–Ventura, California, MSA; the Riverside–San Bernardino–Ontario, California, MSA; the San Diego–Carlsbad–San Marcos, California, MSA; the Santa Clara County, California, assessment area; the Washoe County, Nevada, assessment area; and the Douglas County, Nevada, assessment area.

In California, where many commenters focused and the state that accounts for approximately 90 percent of City National Bank's total deposits, examiners rated the bank's Lending Test performance "High Satisfactory," noting that the bank's lending activity in the Los Angeles, Santa Ana, and San Francisco assessment areas was excellent. Examiners found that City National Bank's overall geographic distribution of loans, including home mortgage loans and small business loans, reflected good penetration throughout California. Examiners noted that the bank's penetration of loans among borrowers of different income levels and businesses of different sizes was poor; however, examiners also found that City National Bank made a relatively high level of small business loans and community development loans for a variety of purposes, including the construction and development of affordable housing units for LMI individuals and the promotion of economic development. Examiners noted that City National Bank exhibited an excellent level of community development lending in California.

Examiners found City National Bank to have an outstanding level of qualified community development investments and grants, reflecting excellent responsiveness to credit and community economic development needs. Examiners noted that the bank made, or continued to hold, investments and grants to community development organizations; investments in low-income housing projects; and investments in a business-expansion loan program that supports job creation for LMI individuals. Examiners also noted that the bank supported a nonprofit organization providing life-skill programs to at-risk youth and homeless populations.

Examiners found that the bank's overall delivery systems, alternate delivery systems, banking products and services, and business hours within its assessment areas were reasonably accessible to all portions of the bank's assessment areas, including LMI individuals and geographies. City National Bank participated in a number of community development services. Examiners noted that the bank provided direct lending products and participated with federal government agencies in various guarantee programs aimed at providing down-payment assistance to first-time homebuyers and at facilitating

affordable housing construction, rehabilitation, and development. Examiners noted that City National Bank's directors, officers, and staff contributed time to qualified community development services during the review period, a majority of which were targeted toward LMI individuals or small businesses.

*City National Bank's Efforts Since the 2012 CRA Evaluation*

After the City National Bank Evaluation, RBC represents that City National Bank has taken steps to improve its identification of and responsiveness to community needs. City National Bank has engaged in various outreach efforts within the Los Angeles area, including marketing efforts, engagement with community groups, and efforts to offer educational programming to LMI communities. In particular, City National Bank has communicated with and received input from a number of community organizations to ascertain how the proposed combined organization might better meet community needs.

In addition, in 2007 City National Bank announced a 10-year, \$17.5 billion CRA commitment ("2007 CRA Commitment") focused on CRA-related activities, including small business loans, community development loans, CRA-qualified investments, mortgage loans to minority borrowers, and charitable contributions. RBC represents that in the eight years since adopting the 2007 CRA Commitment, City National Bank has met and continues to meet the activity goals set forth in that commitment. From the time City National Bank implemented the 2007 CRA Commitment in 2008 until year-end 2014, the bank represents that it invested approximately \$11.54 billion in CRA-related activities, which accounts for approximately 66 percent of the 10-year commitment.

*CRA Efforts of the Combined Organization*

City National Bank will remain a separate entity and, except as discussed below, will substantially continue its current CRA program following consummation of the proposed transaction. RBC represents that City National Bank has adopted a new community development plan to help meet the credit needs of the communities it serves. Under the plan, City National Bank intends to achieve a minimum of \$11 billion in



qualified lending, investment, and charitable contributions, including \$4.2 billion in small business loans, \$4.4 billion in qualified CRA community development loans, and \$1.6 billion in qualified CRA investments. The plan outlines specific activities in City National Bank's assessment areas on which the bank plans to focus, including increased marketing and community outreach, financial seminars, small business lending, and services and charitable contributions. For example, City National Bank plans to create, market, and administer an account designed to serve the needs of unbanked and underbanked individuals.<sup>49</sup> City National Bank intends to improve access to credit for small businesses by providing technical assistance and by designating a portion of total small business lending for LMI communities and minority-owned small businesses. City National Bank intends to purchase between \$50 million and \$100 million in LMI residential loans annually and plans to increase the amount of community development lending for affordable housing in LMI communities. RBC represents that the plan would substantially increase City National Bank's commitments in lending, investments, services, and charitable contributions relative to the 2007 CRA Commitment. A number of community groups, including some of the commenters who initially opposed the proposal, discussed the development of the plan with City National and, after the adoption of the plan, many commenters subsequently withdrew their comments.

*Additional Convenience and Needs Considerations*

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. RBC represents that the proposal would provide customers of the combined organization access to additional or expanded services, including capital markets products and services and an expanded range of wealth management and advisory products and services not offered to current

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<sup>49</sup> The account will include savings and checking services and will be done in accordance with the Model Safe Accounts Template developed by the Federal Deposit Insurance Corporation. See Federal Deposit Insurance Corporation, FDIC Model Safe Accounts Pilot Final Report 10 (April 2012), available at <https://www.fdic.gov/consumers/template/SafeAccountsFinalReport.pdf>.

City National Bank customers. RBC asserts that the combined organization would be better able to serve its clients, particularly those in small- and middle-market segments. In addition, RBC states that the combined organization will be strengthened by the complementary aspects of the two entities' businesses, including customer focus, geographic coverage, business orientation, and compatibility of the companies' management and operating styles, as well as the combined experience and expertise of their respective management and employees, which will result in a stronger and more stable franchise.

*Conclusion on Convenience and Needs Considerations*

The Board has considered all the facts of record, including the records of the relevant depository institutions involved under the CRA, the institutions' records of compliance with fair lending and other consumer protection laws, consultations with the OCC and the CFPB, confidential supervisory information, information provided by RBC, the public comments on the proposal, and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board concludes that the convenience and needs factor is consistent with approval.

Financial Stability

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") amended section 3 of the BHC Act to require the Board to consider "the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system."<sup>50</sup>

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

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<sup>50</sup> Dodd-Frank Act § 604(d), Pub. L. No. 111-203, 124 Stat. 1376, 1601 (2010), codified at 12 U.S.C. § 1842(c)(7).

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 resulting firm.<sup>51</sup> 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, that 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.<sup>52</sup>

In this case, the Board has considered information relevant to risks to the stability of the U.S. banking or financial system, including the public comments.<sup>53</sup> In the United States, RBC primarily engages in securities brokerage and investment management through various entities under RBC USA Holdco and, on a smaller scale, in retail and business banking through RBC Bank Georgia. City National primarily engages in commercial banking and wealth management. In each of its activities, RBC has, and as a result of the proposal would continue to have, a small share on a nationwide basis, and numerous competitors would remain. The combined organization would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would pose a significant risk to the financial system in the event of financial distress. In addition, the organization would not be a critical services provider or be so interconnected with other firms or the markets that it would pose significant risk to the financial system in the event of financial distress.

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<sup>51</sup> Many of the metrics considered by the Board measure an institution’s activities relative to the U.S. financial system.

<sup>52</sup> For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order 2012-2 (February 14, 2012).

<sup>53</sup> One commenter alleged that RBC is “too big to fail,” and another commenter alleged that the proposal is the “priciest deal” since the 2008–09 financial crisis.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the U.S. banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

#### Financial Holding Company Election

As noted above, RBC USA Holdco has elected to become a financial holding company in connection with the proposal. RBC USA Holdco has certified that, upon consummation of the proposal, RBC USA Holdco and all depository institutions it controls would be well capitalized and well managed and has provided all the information required under the Board's Regulation Y.<sup>54</sup> Based on all the facts of record, the Board determines that RBC USA Holdco's election will become effective upon consummation of the proposal if, on that date, RBC USA Holdco is well capitalized and well managed and all depository institutions it controls are well capitalized, well managed, and have CRA ratings of at least "Satisfactory."

#### Conclusion

Based on the foregoing and all the facts of record, the Board determines that the applications should be, and hereby are, approved.<sup>55</sup> In reaching its conclusion,

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<sup>54</sup> See Dodd-Frank Act § 606(a), 124 Stat. at 1607, amending 12 U.S.C. § 1843(l)(1); 12 CFR 225.82(f).

<sup>55</sup> Several commenters requested that the Board hold public hearings or meetings on the proposal. Section 3(b) of the BHC Act does not require that the Board hold a public hearing on any application unless the appropriate supervisory authorities for the bank to be acquired make a timely written recommendation of denial of the application. 12 U.S.C. § 1842(b); 12 CFR 225.16(e). The Board has not received such a recommendation from the appropriate supervisory authorities. 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 represent their views. The Board has considered the commenters' requests 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 written comments that the Board has considered in acting on the proposal. The commenters' requests do not identify disputed issues of fact material to the Board's decision and that

the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Applicants with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the applications. 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 before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of New York, acting under delegated authority.

By order of the Board of Governors,<sup>56</sup> effective October 7, 2015.

*Robert deV. Frierson (signed)*

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Robert deV. Frierson  
Secretary of the Board

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would be clarified by a public meeting. In addition, the requests do not demonstrate why written comments do not present the commenters' views adequately or why a hearing or meeting 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 or meeting is not required or warranted in this case. Accordingly, the requests for a public hearing or meeting on the proposal are denied.

In addition, commenters requested a further extension of the comment period for the proposal. The Board's Rules of Procedure contemplate that the public comment period will not be extended absent a clear demonstration of hardship or other meritorious reason for seeking additional time. 12 CFR 262.25(b)(2). The commenters' requests for additional time do not identify circumstances that would warrant an extension of the public comment period for this proposal. Accordingly, the requests for extension of the comment period are denied.

<sup>56</sup> Voting for this action: Chair Yellen, Vice Chairman Fischer, and Governors Tarullo, Powell, and Brainard.